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# THE FINANCIAL POST

*The Canadian Newspaper for Business Men and Investors*

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## APPOINTMENTS BY GOVERNMENT OF GOOD MEN HELPS

### More National Jobs For Which Big Men Wanted

### TALK OF HIGHER TAXES

### Our Burdens Can be Avoided or Made Easier by Reducing Expenses and Increasing Sales

Some very encouraging news comes from Ottawa. There is to be very little new legislation at the coming session of Parliament.

This is a great relief to the weary tax-payer but the unthinking press is very wroth. It points to this as a clear sign of weakness in the new government. Statesmanship, they measure by the multiplicity of laws; nearly all of which will be inspired by theorists and busybodies anxious to square us all to their peculiar mental yardsticks. No doubt an excess of convictions for the infraction of these laws would be a favorable sign of Canada's intellectual progress.

The Government has a far more serious problem than the passing of petty legislation. It is the doing of its share in getting us back where we can all live comfortably once more. It can greatly reduce the cost of living. This was promised. Instead they are warning us of the coming of increased taxation and some of us are beginning to ask whether we should not have voted for the Farmers' Party. Business interests, who will be the first to feel higher taxes—feel it in a big way—are rather alarmed over the outlook. Of course it will not fall exclusively upon them. If they cannot increase their business they will meet it by reduced expenditures, lower wages and less employment. In this way it gets back to the Canadian taxpayers as a whole. The average man does not see it this way unfortunately; does not see that he pays the taxes all the same in the increased cost of living and lessened employment and lower wages. The object of the Government should be not to increase but to reduce taxation.

Can this be done? It can. Experience shows how—the experience in the United States. What the new United States Government has done readily, the new Canadian Government can do as well or better.

#### Flavelle's Good Work

Our new Government has made a splendid start. The publicly owned railways tangle is the worst feature in our national situation, causing high freights and using up our taxes that should go to building up and keeping our industries going. Its only hope was a strong man to handle it temporarily, cutting wages and putting it on the most economical, efficient basis. The late Government did that. They appointed one of our strongest men, Sir Joseph Flavelle, to do his best to stop its daily drain on our savings. The new Government did a big thing when it retained Sir Joseph's services.

Note that we use the word "temporarily." Public ownership of railways is an ideal. It is right in theory but has nowhere been a success in practice. It is a luxury and a fearfully expensive one. Two classes want public ownership: the employees who look to it for big pay and little work and the rest of us who have a grievance against or a jealousy of private success. It is a luxury because we are willing for a time to pay higher fares and excessive freights. There is the same satisfaction in thus getting at the autocratic plutocrats we see, as the bull has in goring the red flag not the toreador who carries it.

Our next big problem is the selling of more Canadian products and the bringing of more settlers into Canada. The chief source and the best source for both is the Old Country. We needed a strong experienced business man for that job and the new Government picked an outstanding man, P. C. Larkin. There is, of course, other big immigration work nearer at hand but we can leave that to Hon. Mr. Stewart. He now has a chance to show what his friends think is in him.

#### A General Dawes Wanted

These two big jobs being now well taken care of, the next most important is to find another strong, fearless Canadian of the Flavelle-Larkin type to materially reduce our national expenses, prevent increased taxation, which is hampering business and promoting unemployment. We are wasting millions to which even the

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#### STRAWS WHICH INDICATE THE WIND

The Toronto Star on Tuesday carried what was obviously a "canned" interview regarding Canada Steamships and the articles in THE FINANCIAL POST demanding an investigation to meet reports and rumors in circulation regarding the affairs of that company. Anyone acquainted with the handling of a newspaper would at once appreciate that it bore all the ear-marks of a "hand-out." It was very carefully worded, too, to endeavor to give the impression—without saying so—that everything was all right; it was not stated so directly but the reader was asked to infer that with such men on the board everything must be all right. At the same time it intimated that the voting trust would be dissolved, not, of course, because this was one of the demands of THE FINANCIAL POST, but because it was considered advisable.

## WILL DEMAND GOLD FOR BONDS MATURING

### American Bank Serves Notice On Ottawa Regarding Issue Due This Year

[illegible] the 1922 Victory Loan issue matures next December the Dominion government will have a tangle to solve as a result of the feeling of certain holders of the bonds that they are entitled to payment in gold for their bonds as stipulated.

A large American bank, holder of an amount said to be $500,000 of these bonds, has already served notice on the Department of Finance that it will expect payment in gold. The reply of the department was that gold payments were suspended by war time legislation that is still in force. The bank in turn states that it is prepared to take its case to the highest courts to prove what it feels is its right to gold for its maturing bonds.

Since gold payments were suspended at the beginning of the war the government has paid none of its interest coupons in gold although demands have been made by some holders of these bonds. In the past these demands have not been supplemented by further action and the American bank that now makes the request is the first to suggest legal action.

What this holder really desires probably is the "equivalent of gold"—which has been held by many to be New York funds as Canadian gold coin is not at a discount in New York.

The answer given to this theory by students of fiscal matters is that the only two ways in which a premium can be obtained for gold are by exporting it, or by melting it up. The first is forbidden by order-in council; the second would constitute the offence of mutilating gold coin and is also a serious offence.

## Re-establishment of Wheat Board Would Be Ultra Vires

From Our Own Correspondent

REGINA.—Legal opinion has been secured by directors of the Saskatchewan Grain Growers' Association to the effect that re-establishment of the Canada Wheat Board would be ultra vires.

## To Export Quebec Power To United States

The Financial Post has learned that the most important part of the Carillo power plans of the Robert group is the opportunity to export to the United States a block of 100,000 horsepower. The Canadian development scheme calls for 200,000 horsepower which will cost $40,000,000 to complete.

## Massey-Harris Co. May Build In Australia

J. N. Shenstone, chairman of the board of the Massey Harris Company, is on his way to Australia to look into the interests of the company there. He will go over the ground generally, particularly with a view to the advisability of building a plant in the Commonwealth. Last year was one in which the company made a very satisfactory showing in Australian business but the trade in agricultural implements fluctuates to such an extent that it is difficult to gauge demands of the immediate future. The new Australian tariff regulations are of course an important factor in relation to the establishment of a manufacturing plant but it is doubtful if there will be an early decision because of the prevailing conditions.

## NORCROSS MAKES PROMISE TO GIVE FULL INFORMATION

### After Investigation Which Is Now Being Carried On

### STORIES MUST BE MET

### Reports That There Has Been Inter-trading Must Be Met —Voting Trust Must Be Wiped Out

From Our Own Correspondent

MONTREAL.—The president of Canada Steamship Lines, J. W. Norcross made the following statement to THE FINANCIAL POST on Wednesday afternoon:

*"The directors have nothing whatever to hide and after an investigation now being carried on is completed full information will be available on all the points suggested by THE FINANCIAL POST, and on any others against which criticism of the company has been directed. This investigation is being carried on by a very eminent firm of engineers, Coverdale and Coalpitts, of New York, who specialize in transportation investigation, both rail and water, and it will cover all transactions and operations since the inception of the Company."*

So far, so good. This is what this paper has been urging as essential to the restoration of the securities of the Company to public confidence. In so far as the explanations offered satisfy the public mind, just so far will progress be made in the right direction.

The situation resolves itself into a fairly clean proposition. The last bond issue of $6,000,000, apart from subscriptions by the directors of some $2,500,000—a large part of which was connected with the final payment on the M. T. Co., transaction—drew forth "outside" subscriptions of about $200,000. The lack of response, as has been stated before, was due mainly to an accrued burden of suspicion under which the company or more properly a few connected with the management rested in public estimation.

It was not a lack of confidence due to mistakes made with the best of intentions. Most companies have made mistakes in figuring out the trend of business, of prices, of demand, and costly mistakes at that.

Probably its ocean business may prove—for the time being—a costly mistake for this Company. But that is readily forgiven: it was entered into in good faith—in the anticipation that rosy returns would in large measure be maintained.

What the investing public is not disposed lightly to pass over and forgive would be any indication that there was "inter-trading" for profit among those chosen to a position of trust on the Board or the management: at least where such relations resulted in the company acquiring property it would not otherwise have deemed it advantageous to acquire; or acquired at a price higher than it would have had there been no private interests to serve.

Thus on the eve of a new effort to finance the company it is vitally important, as has been urged before, that the company be able to present a clean sheet in this regard: if this prove impossible, the next best thing is to reorganize the Board so drastically as to reassure the investing public for the future at all events.

Hence The Financial Post is pleased that Mr. Norcross has promised to meet the general demand for information.

This would meet one aspect of the case, the other is the Abolition of the Voting Trust.

It must be wiped out.

## Fordney Is Looking To Reciprocity With Canada

From Our Own Correspondent

REGINA.—D'Arcy Scott, secretary and adviser to the National Dairy Council, in an interview here stated that a reciprocal agreement between Canada and the United States, whereby dairy products might be exchanged between the two countries, is now under consideration.

Mr. Scott, stated that in conversations with Mr. Fordney and other Congressional members, when in Washington recently, the U. S. legislators were very favorable to the idea. They even considered that within a short time, all farming products might be included under such an agreement.

## Goverment Picks good Man, But-

THE GOVERNMENT, after much hesitation, has decided that Canada be represented at the Genoa conference. Under pressure of public opinion in England, in an effort to satisfy France, and an urgent desire to coax the United States to attend, several radical changes were made in the basic conditions by the interests inspiring Lloyd George in calling the conference. If they go no further than those already announced then Canada should refuse to be used as a cat's paw for the moral and perhaps financial support of the very immoral combination that makes out a very plausible case. It may be that the Canadian Government has additional information of changes in the Genoa program which justified our attendance.

If they have been unwise in accepting the invitation they have been wise in their delegate, Sir Charles Gordon, Montreal. He is a man with unusually good experience for such a job and has an excellent record of successful achievement. He has worked his way from office boy through commercial traveller, manufacturer and financier to the vice-presidency of the Bank of Montreal. He delivered this week what was evidently an inspired address at the meeting of manufacturers and merchants reported elsewhere—instructed, no doubt by the government to make out a case for his presence at Genoa. He made a good case as far as he went but he did not tell the whole story if he knows it and we think he does.

The worth while point in the situation is that the government has drafted another worth while man into the public service.

## Drury Calls Beck's Bluff

REFUSING to be influenced in the least by the tub-thumping of the convention of Hydro municipalities engineered by Sir Adam Beck, Mayor Maguire and other propagandists, undeterred by the exhaustive reply to the report of the Sutherland Commission—prepared by the Hydro radial experts at the personal direction of the chairman of the Hydro Commission—and standing firmly for the interests of the people of Ontario at the risk of the life of his government, Premier Drury at Hamilton this week declared that the reckless policies and uncontrolled expenditures of the provincial power commission must and will be curbed. In so doing Mr. Drury indicated definitely the policy of the government in bringing the Hydro under the control of the legislature—a control which has long been defied by aid of the big stick of the Hydro municipalities voting influence.

The proposals to be covered by legislative enactment have been previously outlined in these columns. The reasons therefore are based upon the figures which have been presented here—and now confirmed by the premier—to show how millions of the people's money has been wasted at Chippawa and Nipigon and how further millions would be menaced in the proposed radial venture.

The premier emphasized how the original cost of Chippawa, estimated at $10,500,000, had already risen to $65,000,000 with one unit operating and how this money had been spent without contracts being called, without proper estimates being prepared and without appropriations being voted by the legislature. It had gone so far that the government had refused to spend more money without the vote of the representatives of the people. He explained also how Nipigon was losing $260,000 a year on interest alone without allowing for operating charges. On the basis of the Sutherland report he submitted that the same unwarranted optimism that characterized these projects permeated the radial proposals. He declared that it was time that the Hydro Commission acknowledged its responsibilities to the people; it bore no real responsibilities to the municipalities except through the legislature.

The premier's firm stand made it evident that tactics of the Hydro propagandists in organizing a convention of the municipalities—at which the expenses of the delegates are always paid from Hydro funds—had no effect. Under the former government such conventions were called to pass canned resolutions to be rushed to the legislature at the eleventh hour. The Drury government resisted such tactics and so this pre-session convention of intimidation was called but rather lost its effect when some of the delegates led by Mayor Coppley of Hamilton protested against rubber-stamping long resolutions of endorsation for Hydro policies which they had never seen.

As for Sir Adam's reply to the Sutherland Commission's award allow us to reproduce three lines from the introduction signed by himself:

> Mr. Bancroft's presentation is entitled to fullest respect. The extent to which the Majority Report has failed to merit similar consideration may safely be left to the decision of the Reader. I have dealt with the Majority Report because I, for one, regard it a
> rmeated by misunderstanding or by the misinterpreta
> nce and by the omission of essential data, to an
> usefulness as a judicial docum

In the face of such a statement the document, which has no other authority than that of Sir Adam himself, although undoubtedly prepared by the Hydro's staff of costly radial experts—still being retained at the expense of the people of Ontario—cannot be seriously regarded. Sir Adam evidently places all confidence in Mr. Bancroft and none in Mr. Justice Sutherland, Brig.-Gen. Mitchell, Mr. McCaullum and Mr. Amos. Mr. Bancroft's views are, of course, worthy of consideration but as a newspaper reporter who was selected to represent labor, his judgment weighs comparatively little against an eminent engineer like Gen. Mitchell, a municipal expert like Mr. McCaullum and a practical business farmer like Mr. Amos, not to mention the judicial ruling of Mr. Justice Sutherland.

Premier Drury has taken a firm stand in the interests of Ontario. He could have won popularity for his government by endorsing radials. He now risks the life of that government to prevent further recklessness and extravagance. If the people can be given the real facts the government should have no need to face the voters on its Hydro record.

## Does Investor in Detroit-Windsor Bridge Know what he is Getting?

### No Real Equity Behind Common Stock—Three $100 Bonds For $361 Indicates Actual Price of $120 and Return, Around 5½ Per Cent

Blue Sky legislation may be passed to decide what securities shall be offered to the investing public. But Blue Sky legislation cannot regulate the prices of such securities. The danger is that the investor in buying stock in a proposition which is sound enough to pass Blue Sky regulations may easily be misled into paying a price far above the real investment value. A favored way of fooling the public—seemingly evolved to evade Blue Sky regulations — is through the unit system by which bonds or preferred stocks may be linked up with common stock and the latter sold on cash basis.

The financing of the proposed Windsor-Detroit Bridge is being arranged on this unit plan. It is understood that this financing passes Blue Sky regulations in Michigan because the law does not apply to public utilities. It is significant that the R. T. Scott Co. which is handling the financing is boosting Blue Sky legislation for Ontario. A Scott Company dinner was held some time ago at the King Edward Hotel, when Senator Duff of Michigan outlined the Blue Sky laws of that state and similar laws were favored for Ontario. His statement that "if all the investment houses were like R. T. Scott & Co.," etc., etc., "there would be no need for Blue Sky laws," may be taken at whatever value the reader cares to give it.

Three bridge bonds of $100 par value bearing interest at 5 per cent. until December 1st, 1926, and 7 per cent. thereafter until December 1951, are offered at 87 with $100 of common stock for which full par value must be paid in cash. No securities are being

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## "BLUE SKY ACTS LEAD TO FRAUD"- THOMAS MULVEY

### Better To Enforce Existing Laws Against Offenders

### EDUCATION THE CURE

### Business Judgment by Public Better Protection Than Superficial Legislative Enactments

The so-called Blue Sky legislation—legislation to prevent people from losing their own money—is not successful but is in fact in some cases a menace to the interests of those whose protection is desired, is the view of Thomas Mulvey, of the Department of the Secretary of State who for years has been giving very close study to the matter. In an article published in the American Economic Review in 1914—an article based on careful analysis and replete with legal reference—Mr. Mulvey expressed the opinion that "when the public recognises that business forethought is as much required in company investment as in the purchase of real property, certified securities will be attained. This end may be reached not by superficial and inadequate enactments of the legislature but by enabling the investor to study his investments and exercise business methods." Mr. Mulvey's views had not changed two years ago when he addressed the Toronto manufacturers on the subject, nor have they changed today in the face of the new movement for Blue Sky laws. Writing to THE FINANCIAL POST this week he says:

> One of the most conspicuous failures of blue sky law was in Illinois. The Consumers Packing Company was approved of by the Board, and it turned out to be an ordinary swindle. It created such a series of comments upon the Illinios blue sky legislation that it was completely amended, and, curiously, the advances made were in the direction of filing of prospectuses, the English method, and the one which is followed under the Dominion and Ontario Companies Acts. Another similar fraud was perpetrated in Minnesota. We hear a great deal, of course, about fraudulent flotation, but I have always contended, and I believe it to be true, that more money is lost through improvident management than through fraudulent intention. The Nukol Company of Toronto is a good example of this.

THE FINANCIAL POST believes that the enforcement of the present laws against fraud or their amendment to increase penalties, and the revision of regulations affecting applications for charter and the filing of prospectuses so that the various flotations being made may be checked up, will do more for the protection of the investing public than the passage of acts under which the government stamp of approval may be placed upon any security. Mr. Mulvey in his article in the Economic Review refers to English legislation of 1908 in connection with the filing of prospectuses. He outlines:

> Your committee may observe that they have dismissed from their consideration every suggestion for a public inquiry by the registrar or other official authority, into the soundness, good faith, and prospects of the undertaking at this or any other stage of a company's formation. To make any such investigation into the position of every new company complete and effectual would demand a very numerous staff of trained officers, and lead to great delay and expense, while an incomplete perfunctory investigation would be worse than none. It would be an attempt to throw what ought to be the responsibility of the individual on the shoulders of the State, and would give a fictitious and unreal sense of security to the investor, and might also lead to grave abuses.

#### Abuses are Possible

This legislation was partly based upon recommendations of a committee of the British Board of Trade reporting in 1895. A pertinent clause of this report follows:

> The definition of the prospectus includes all published or circulated notices or invitations for subscriptions for shares or securities. It must be signed by all persons named as directors, filed with the Registrar, must bear the date of filing, and state that it is filed.
>
> The contents of the prospectus must show particular and definite details of the organization and promotion of the company, the contents of the memorandum of association, which corresponds to the charter under American legislation, showing the names and addresses of the applicants for incorporation and the number of shares taken by each, the classes of shares, the qualification and remuneration of directors, the names of the directors, the minimum subscription (of which more hereafter), the number and amount of shares and securities issued otherwise than for cash during the preceding two years, the names of

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The Transfer Books will be closed from the 14th to the 28th day of February, both days inclusive.

By order of the board.
H. B. SHAW
General Manager.
Winnipeg January 20th, 1922.

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# PROMOTERS WHO DEMAND TOO MUCH DEFEAT OWN ENDS

## Development of B. C. Iron and Steel Industry is Handicapped

## NEW ZEALAND STEEL

### British Steel Man Says Exorbitant Values Will Prevent Development of Industry

British Columbia has a large and prosperous potential iron and steel industry, but it can never be developed until owners of iron ore bodies have a less exalted opinion of the value of their undeveloped properties is the candidly expressed opinion of Percy Scott Leggatt, iron and steel man of Darlington, England, who was in Vancouver recently. He was on his way to New Zealand, where he will establish a new iron and steel industry.

"If I were assured that my firm would get a square deal in British Columbia we would go a long way toward giving any reasonable proposition for the establishment of steel and iron works consideration," said Mr. Leggatt to the Vancouver Province. "So far our experience with those persons who own or claim to own iron ore bodies in this province have been most discouraging. I hope and think, however, that there are people in this province with whom we will be able to do business at some future date."

Twenty tons of British Columbia ore were shipped by the Provincial Government to one of the firms with which Mr. Leggatt is connected, about ten months ago and the results achieved in the handling of it were very satisfactory, he declared. It is as the result of this experience that he retains his faith in the possibility of establishing an iron and steel industry in British Columbia in the face of what he considers very extraordinary treatment at the hands of certain interests on the Coast.

**Unreasonable Demand**

Concurrently with the arrival in London of the twenty tons of ore shipped by the British Columbia Government, Mr. Leggatt says that he and his associations were besieged by men with schemes for the development of the iron ore bodies which are known to exist in the province.

"We had one amazing proposition put up to us involving millions, first of all for the purchase of ore bodies, and millions later for the development of them," continued Mr. Leggatt. "We were much interested in British Columbia as the result of our experiments with the ore sent over, and went carefully into these propositions. Eventually we agreed to enter into a contract to finance progressive development, but at this stage the negotiations suddenly developed into a matter of personal finance. We only finance business, and not individuals, and our offer was promptly withdrawn."

This action drew down upon his head and the heads of his associates a torrent of abuse from some of the parties who were handling the British Columbia end of the negotiations, Mr. Leggatt declared. As the result of this "unfortunate experience" he thought that British iron and steel interests will be inclined to look askance at future propositions, and that the ultimate development of the steel and iron industry here will be greatly retarded. There is not such a rush to purchase undeveloped iron properties that the owners of these mineral areas can afford to name exorbitant prices, he added.

In New Zealand, Mr. Leggatt will make arrangements for the immediate erection of a plant to handle titaniferous magnetites by the electric smelting method, which was made a commercial success about two years ago in England. By this method the iron sands of New Zealand have been successfully turned into pig iron, and then into finished high-grade steel.

## BATTLE OVER RATE

### Gas Company in London Wants Higher Revenue

From Our Own Correspondent

LONDON.—As stated in a previous issue of THE FINANCIAL POST the city council will fight the application being made by the City Gas Co., to be allowed to increase its rates. The council has decided to appear in a body before the private bills committee of the Ontario legislature and urge that the price of gas be restored again to 90 cents per thousand. Some time ago the company instituted a service charge and has collected about $65,000 from it.

Officials of the gas company stated to FINANCIAL POST that if they are to carry on and give the service which the people expect it is necessary that they increase their charges. They are prepared to meet the arguments of the council on this basis and to produce the figures showing that what they are asking is not at all unreasonable and is justified by conditions which have to be met.

## A GRAPHOPHONE TRAGEDY

### How Business of $90,000,000 a Year Dried Up

Columbia Graphaphone two years ago was doing wholesale business of $48,000,000 a year which means $90,000,000 of retail business. When credit dried up, the business went out in a night, with the company owing the banks only $12,000,000 besides $6,000,000 8% notes due in 1925. But that $12,000,000 busted not only a hundred millions of annual business but a hundred millions of values—real capital and earning values.

# LIQUID ASSETS OF LOAN COMPANIES

## Deposits Increased and Ratio of Cash and Securities Is Raised

According to the return of the Ontario Department of Insurance dealing with the affairs of trust and loan companies, to the end of December there was a marked increase in the ratio of cash, securities and loans in relation to deposits. Deposits at $35,370,000, showed an increase during the three months of $2,000,000; cash increased by $3,700,000, government bonds by $770,000 and the percentage of the total cash, securities and loans to deposits from 42.15 per cent. to 51.50. Following is a summary of this return.

| | | | |
|---|---|---|---|
| Deposits . | $35,371,691 | $33,369,877+ | $2,001,814 |
| Cash . . | 5,731,267 | 2,014,195+ | 3,717,072 |
| Gov. bonds | 7,836,903 | 7,066,743+ | 770,160 |
| Mun. debs. | 4,271,257 | 4,486,105— | 214,848 |
| Dom. loans .. | 380,086 | 500,718— | 120,632 |
| Total cash, secs. & loans | 18,219,515 | 14,067,761+ | 4,151,754 |
| % of cash, secs. & loans to deposits ... | 51.50 | 42.15+ | 9.35 |

The statement of guaranteed investments of trust companies and securities allocated therefor for the same quarterly period showed an increase in trust deposits of over $1,000,000 while the itemized statement indicated the following changes:

| | Dec. 31 | Sept. 30 | |
|---|---|---|---|
| Trust Deposits | $5,970,716 | $4,904,340+ | $1,066.376 |
| Guar. Invest | 17,776,342 | 18,543,438— | 767,096 |
| Gen. Guar. Invest . . | 8,355,592 | 7,828,299+ | 527,293 |
| Total . . . .. | 32,102,651 | 31,276,078+ | 826,573 |
| Cash . .... . | 1,200,008 | 516,127+ | 683,881 |
| Gov. secs..... | 1,495,352 | 1,210,240+ | 285,112 |
| U.K. bonds . . | 329,265 | 353,432— | 24,167 |
| Mun .debs. ... | 1,769,364 | 1,596,059+ | 173,305 |
| School and Tel. debs. .. | 1,645,904 | 1,612,528+ | 33,376 |
| Mortgages .. . | 21,194,115 | 21,969,494— | 775,379 |
| Dom. loans .. | 1,355,046 | 1,075,048+ | 279,998 |
| Other secs. . | 3,113,592 | 2,947,338+ | 166,254 |
| Cash, secs, and loans . .... | 32,102,651 | 31,280,871+ | 821,780 |

# MARITIMES THINK ONTARIO BENEFITS

## Census Statistics The Basis For Re-echoing Confederation-old Contention

From Our Own Correspondent

HALIFAX.—That the industrial development of Canada has been unduly centralized in Ontario, and that the fiscal policy of the nation has been mainly adjusted to the interests of the central province, were the arguments of a letter recently addressed to the Halifax Chronicle by Mr. McKean, who was formerly manager of the Halifax branch of the Bank of Nova Scotia. Mr. McKean pointed out that Ontario had certain very important natural and geographical advantages, and also, a very enterprising and industrious population. At the same time he suggested that the banner province had exercised a predominant influence in shaping the fiscal and transportation policies of the countries, and that since Confederation the Maritime Provinces had had no industrial development comparable with that of Ontario or with their own development in the decade or so preceding the act of confederation.

The following statistics taken from reports of the Dominion Bureau of Statistics illustrate the industrial development of the four provinces originally, giving the confederation from 1871 to 1917:

| ONTARIO | 1871 | 1917 |
|---|---|---|
| Establishments | 20,961 | 14,381 |
| Capital . .... | $38,254,602 | $1,335,968,699 |
| No. of Employees . . . | 89,937 | 326,625 |
| Wages and Salaries . . | $21,679,827 | $278,462,708 |
| Raw Material. | $65,780,827 | $822,840,050 |
| Product . . | $115,649,747 | $1,533,738,655 |
| Value of | | |

| QUEBEC. | 1871 | 1917 |
|---|---|---|
| Establishments | 14,079 | 10,042 |
| Capital . . .. | $27,960,122 | $823,317,251 |
| No. of Employees . . . | 66,592 | 211,018 |
| Wages and Salaries . . | $12,370,574 | $158,134,925 |
| Raw Material | $44,676,331 | $403,422,485 |
| Value of Product . . | $76,832,610 | $830,614,079 |

| NOVA SCOTIA | 1871 | 1917 |
|---|---|---|
| Establishments | 4,887 | 2,147 |
| Capital . . . | $6,044,240 | $136,521,655 |
| No. of Employees . . . | 15,435 | 31,398 |
| Wages and Salaries . . | $3,176,834 | $23,533,090 |
| Raw Material | $5,764,185 | $109,736,731 |
| Value of Product . . | $12,269,964 | $176,369,025 |

| NEW BRUNSWICK | 1871 | 1917 |
|---|---|---|
| Establishments | 3,829 | 1,423 |
| Capital . . . . | $5,978,894 | $65,539,370 |
| No. of Employees . . . | 18,707 | 21,363 |
| Wages and Salaries . . | $3,859,313 | $13,822,446 |
| Raw Material | $9,428,583 | $33,353,090 |
| Value of Product . . | $17,333,973 | $62,417,466 |

The value of the product is based on prices at the factory.

# MOVING WHEAT BY PACIFIC ROUTE TO WORLD'S MARKET

## Predicted That Two Thirds Prairie Crop Will Go West

## PANAMA A FACTOR

### Vancouver Grain Dealers Believe That Government Should Increase Facilities

From Our Own Correspondent

VICTORIA—A poular prediction in British Columbia business circles these days is that within two or three years two-thirds of the grain output of Alberta and Saskatchewan will be moving westward to Vancouver for shipment to the Atlantic seaboard by the water route through the Panama Canal or to the Orient.

C. P. Coles, shipping and grain broker of Vancouver, addressing the B. C. Manufacturers' Association a few days ago, stated that this province was the natural gateway for the exporting of all of Alberta's wheat and half of Saskatchewan's, to say nothing of the grain produced in British Columbia. He said that inadequate facilities for handling the grain when once brought to the Pacific coast were the one obstacle to the movement, and he urged that the elevator accommodation be immediately increased.

"We can save probably five cents a bushel by bringing it this way," continued Mr. Coles. "That would mean five million dolars saved in a season to Canada. But we must have equipment to handle it. Such a proposition at present is too big for private firms to undertake. It is a fair proposition for the government." It can easily be shown that the business is here, and calls for added accommodation. The general impression is also that elevator accommodation should be under one port authority, such as the Harbor Board."

**Better Elevator Facilities**

Ocean freight rates, the speaker added, were important to this route. Today, via the Panama, the grain men were paying 30 shillings per ton. It was safe—with times and conditions gradually but surely approaching normal—to calculate on an average rate of between 30 and 40 shillings.

Mr. Coles urged that perhaps the first steps toward assisting the development of the export grain business would be the extending of the present accommodation of the government elevator, and the installation of additional equipment.

## B. C. TIMBER RESOURCES

### Industry Gives Province Nearly Half Total Revenue

From Our Own Correspondent.

VICTORIA.—Nearly one half the total government revenue of the province of British Columbia is derived from the timber industries, and from one third to one half of the total population benefits directly from these industries, in the opinion of Hon. T. D. Pattullo, Minister of Lands, who recently addressed the chamber of commerce here.

He announced that 11 per cent. of the total lumber production of British Columbia for the year was exported. At one time the percentage was 24 and later it had sagged to as low as 4 per cent. Mr. Pattullo claimed that an export of at least 25 per cent. of the total production should be British Columbia's objective.

Following is an estimate of the province's industrial production for the year: Agriculture, $75,000,000; apples, peaches, $10,000,000; wheat potatoes, etc., $51,000,000; coal, $11,432,077; paper, $8,500,000; lumber, $70,0000,000; salmon, $5,500,000; halibut, $4,500,000; live stock, $5,000,000. No estimate has been completed in respect of manufacturers.

## OFF TO WEST INDIES

### Canadian Manufacturers and Business Men Leave for the South

A party of Canadian manufacturers and business men left this week for a visit to the West Indies and the Panama Canal on a voyage of discovery for the extension of Canadian trade. The recent West Indies trade agreement was the chief inspiration for this trip. Following are members of the party:

Sir Alexander Bertram, J. D. Johnson and Graham F. Towers, Montreal. R. W. Leonard and Douglas Mutch, St. Catharines. A. H. Stratton and R. H. Turner, Peterboro. C. Clifford McAvity, St. John, N.B. Geo. J. Lippert, Kitchener. H. Pocock and S. L. Gunn, London. W. J. Aitchison, Hamilton. James Anderson, representing the Border Cities Chamber of Commerce, Windsor. W. H. Shapley, Brantford. H. V. Greene, Walkerville. Col. H. L. Edmonds, Ingersoll. I. D. Bradshaw and W. J. Bradshaw, Toronto. C. H. Payne, Secretary of the Commercial Intelligence Branch of Ottawa.

---

W. J. Deegan, for many years secretary of the Mackay Companies has been elected a vice-president of that company. He will continue his duties as secretary.

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# INCOME TAXATION ALMOST WIPES OUT SLUMP IN CUSTOMS

## Former Showed Increase of $48,000,000; Latter Fell $57,000,000

## DEBT UP $70,000,000

### Heavy Increase During Past Ten Months—Business Profits Tax Down—Percentages

From Our Political Correspondent.

OTTAWA.—The net debt of Canada continues to rise. There was a slight reduction during the month of December, but January comes back with an increase of $5,724,732, and the total on Jan. 31 was $2,372,585,984, a net increase of $69,862,971 during the twelve months' period. Probably it will be found that a large proportion of this increase was due to the heavy railway deficits.

The revenue account for the ten months of the fiscal year ending Jan. 31, 1922, shows a drop of $65,345,678 compared with the corresponding period of 1921. The heaviest slump in revenue came in customs receipts, which dropped from $142,839,081 one year ago to $85,262,370 for the ten months ending with January. This in itself was a drop of $57,576,711, or an average decline of $5,757,671 each month. As was intimated in these columns a couple of months ago this decline in customs receipts, comparing the month of one year with the corresponding month of the other, seems to be practically at an end, for one year ago the slump in customs revenue was already upon us. Indeed, the returns for the month of January itself show a slight increase in customs receipts over January, 1921, the latter total being $8,087,770, as against $8,031,220 one year ago. Customs revenue decline is due to two reasons: a drop in the quantity of imports, and the decline in price, as most of the customs duties are levied on the value of the article. That is why even if our imports should double in quantity what they were at the peak in 1919-1920, the amount collected would still fall below the previous record as the average price probably would be more than cut in two. Certainly this will be the case within the next couple of years.

Income taxation came to the rescue as it was intended to do. It can now be seen just how important an item of revenue this has become with the drop in customs. For the ten months ending Jan. 31 1922, income taxes brought in $74,116,487, compared with $26,399,927 one year ago, an increase of nearly $48,000,000 or coming within $9,000,000 of the loss in customs. This and customs are the most interesting of the receipts, and the most divergent, the others running more like last year.

Comparing customs from a percentage standpoint it is seen that a year ago the ten months' receipts amounted to 37 per cent. of the total revenue: this year this dropped to only 26 per cent. On the other hand the income taxes which were only 7 per cent. of the total one year ago are now more than 23 per cent., or well over three times as much. Business profits taxes showed a decline for the ten months of over $10,000,000, and only 6 per cent. of the total revenue, where one year ago they represented 8 per cent. The figures for the chief items of revenue compare as follows.

**Chief Sources of Revenue**

| Ten months ended Jan. 31. | 1922 | 1921 |
|---|---|---|
| Customs ...... | $85,262,370 | $142,839,081 |
| Income taxes.. | 74,116,487 | 26,399,927 |
| Bus. profits .. | 19,267,571 | 29,708,705 |
| Inland revenue. | 61,840,133 | 65,106,048 |
| Excise ...... | 31,006,842 | 30,913,288 |
| Total revenue.. | $318,489,889 | $383,835,567 |
| Decline in revenue........ | | $65,345,678 |

While the national debt shows an increase there is a fair decline in ordinary expenditures. The total for the past ten months was $269,313,250, compared with $313,809,278 one year ago, a decrease of $44,496,028. There was one notable decline, soldiers' civil re-establishment, where the expenditure dropped from $27,985,317 to $12,709,600. The amount paid in interest on the public debt was $114,579,577 as compared with $120,042,240 one year before.

The figures for the month of January by itself bring out several points. The receipts from income tax were less than $1,500,000 where one year ago they were over $6,500,000. This is a natural result of the special efforts made last spring to force the payment of the income taxes early in the year. The business profits tax for the month shows also a big falling off. The comparative figures for each year, were:

**Revenue for Month of January**

| | 1922 | 1921 | |
|---|---|---|---|
| Customs— | | | |
| Income taxes .... | $1,479,760 | $6,663,641 | |
| Bus. profits ..... | 2,332,857 | 3,985,429 | |
| Inland revenue .. | 5,580,617 | 7,628,725 | |
| Excise ........ | 2,440,693 | 2,124,821 | |
| Stocks on hand— | | | |
| | 1921 | 1920 | Dec. |
| Canada ........ | 13,986 | 11,117 | 26% |
| United States ... | 23,934 | 24,763 | 3% |
| Total or average. | 37,920 | 35,880 | 6% |

**Consumption in United States**

| | 11 mos. 1921 | 11 mos. 1920 | Change |
|---|---|---|---|
| Mill shipments | 1,119,000 | 1,382,000 | —19% |
| Imports .. ... | 713,000 | 648,000 | +10% |
| Total or aver. | 11,832,000 | 2,030,000 | —10+ |
| Less exports . | 15,000 | 43,000 | —65% |
| Supply avail.. | 1,817,000 | 1,987,000 | — 9% |
| 93% standard news .. .. | 1,670,000 | 1,848,000 | — 9% |
| Less incr. or plus decr. in publishers' stocks .. .... | +32,000 | —66,000 | —11% |
| Net consumption .. .... | 1,722,000 | 1,782,000 | — 3% |

**U.S. Debt Decreased $538,000,000**

It is interesting to note that the United States during the year decreased its national debt $538,000,000. The highest point of the debt there was reached on August 31, 1919 when it stood at $26,596,000,000 and declined from this to $23,439,000,000 on December 31, 1920. Of this total about $1,875,000,000 represents the decrease in treasury balances and the elimination of temporary items, and about $1,275,000,000 represents actual reduction through surplus revenues. In a reference to Federal finances The National City Bank of New York estimates that the reduction in the debt will continue at the rate of $300,000,000 to $400,000,000 per annum.

Below appears a comparative statment of the public debt of the United States for December 31, 1921 and for the previous year.

**How U. S. Debt Decreased**

| Class | Dec. 31, 1920 | Dec. 31, 1921 |
|---|---|---|
| Pre-war debt . | $883,622,190 | $883,784,505 |
| Liberty Bonds . | 15,285,832,800 | 15,207,389,400 |
| Victory notes . | 4,225,928,250 | 3,548,289,500 |
| Certificates of indebtedness . | 2,592,811,950 | 2,195,595,000 |
| Treasury notes: | | |
| Series A— .. | ............ | 311,191,600 |
| Series B— .. | ............ | 390,706,100 |
| War Savings Securities .. .. | 756,768,190 | 651,844,374 |
| Matured debt .... | 7,597,390 | 11,867,140 |
| Debt, no interest.. | 225,242,689 | 238,317,186 |
| Total | | |
| Gross Debt | $23,977,803,460 | $23,438,984,351 |
| Net decrease .. | ............ | 538,819,108 |

# JAPAN MARKET FOR CANADIAN LUMBER

## "Millions of Feet Yearly Could Be Sold There," Says J. F. Hanna

That the opportunities that Canadians are neglecting in Japan seem almost incredible is declared by J. F. Hanna, prominent British Columbia lumberman, who has just returned from a trip to the far East. Mr. Hanna points out:

"What business has been done so far has been brought about by enterprising Japanese lumbermen who have come over here, but thousands and millions of feet of lumber could have been marketed in the past six months if only someone had been there after the orders. The United States is sending ten thousand feet for every one that goes from Canada. The same thing is true of other lines. There is apparently no one there from Canada looking for trade. Business organizations, Chambers of Commerce and the like should take this up and do some advertising. As far as I could learn there was not a sample in Japan of wood from this country. I talked to many Japanese lumbermen about Douglas fir and they did not know what I was talking about. But they knew Oregon pine. And if Oregon pine didn't come from Oregon they did not think it the real thing. I wish every Canadian could have taken the trip I did. Their eyes would have been opened as mine were, to how alive the Japanese are to business and how dead we are"

# WRITE OFF LOSSES AND FORGET THEM

## Declares J. Ogden Armour Discussing How to Bring Back Prosperity

In explaining the loss sustained last year by Armour and Company, one of the biggest of the American packing concerns, President J. Ogden Armour declares that not until we write off our losses and forget them—can we enter once more an epoch of prosperity, free and unhampered. Only by the most rigorous economy, concentrated effort to reduce costs, and even a yielding of temporary gain if need be, can prices be brought back to normal."

Speaking on the farm crops Mr. Armour continued, "On the basis of some fifteen to twenty billion dollars worth of yearly farm production, the great superstructure of American business is erected. * * * Whatever bears upon the handling of this vast output of the farms must, therefore, have a primary influence on the prosperity of the country. The farmer, being the first to turn this wealth into a medium of exchange, becomes the original purchasing power of the nation. Anything that cuts into his earnings and reduces his ability to buy is reflected eventually in every avenue of trade."

Most significant are his remarks relative to the labor problem of to-day: "Undoubtedly one of the most difficult problems of any business is to divide its earnings. But certain principles are coming to be recognized, First, the business must create the earnings before it can divide them. Second, the capital engaged must receive its just pay as well as the workers—otherwise it will not be available for the business. Third, class strife can only determine which party is stronger at the time, and is utterly incapable of deciding what is equitable."

# ALBERTA TO AID THOSE WHO WILL AID THEMSELVES

## Seed Only To Be Supplied Where Summerfallow Has Been Done

## SURVEY REPORT

### Scheme for Community Pastures is Outlined—Dominion is Asked to Rush Surveys

From Our Own Correspondent

EDMONTON.—Seed and feed relief for the farmers in the drought districts of Alberta is recommended in the report of the Alberta Survey Board just recently presented to the Alberta government. While the policy is a generous one, it stipulates that "no advance be made to cover an area greater than two hundred acres in all of cultivated land, and no more in any case than two-thirds of the total cultivated land in the ownership or beneficial ownership of any one resident farmer." The report further insists that "no advance be made for feed or seed except on an understanding by the the owner or beneficial owner of the land to plow summerfallow, not later than June 15, 1922, one for every two acres which seed or feed is supplied, and to keep this summerfallowed land free from weeds."

The Survey Board's recommendations also suggest that before entering into arrangements for the supplying of seed and feed relief the government should receive assurances "the creditors of farmers generally shall agree to refrain from embarrasing diligent farmers......and that creditors shall agree that the advances for seed and feed shall be a first charge on the crop, and that the farmers may then reserve from the crop and from the proceeds of the crop both seed and feed sufficient to carry their operation till the next following year's harvest, and sufficient means for the maintenance of the farmers and their families."

### A Practical Agreement

Thus, while the farmers in need will receive assistance, they must agree to operate their farms so that there will be sufficient returns from them to take care of their own needs and give them opportunity to pay back to the government what is loaned them. It is, in plain terms, a case of the government playing banker to the farmer and insisting on somewhat similar guarantees for the money it loans as those which a bank would ask for.

The Survey Board's report makes a few other interesting recommendations, notable of which are those regarding "community pastures" for the benefit of the farmers. Where grazing leases in the province expire, the report recommends that the Alberta government make diligent inquiry to see what can be done toward securing such leases from the Dominion government so that they may be made available for "community pastures" for the use of the farmers. Similar uses are recommended for grass country in the Indian reserves, the object being to make of such lands "community pastures" for farmers in adjacent districts.

Water storage reservoirs, irrigation, increased colonization and intelligent soil surveys are other subjects discussed at considerable length by the Board. The Alberta government is urged to continue to press the Dominion government to rush work in connection with preliminary irrigation surveys, the great value of which is being continually demonstrated.

### Faith in the Future

Absolute faith in southern Alberta's ability to "come back" and to become a stable prosperous farming district, faith that the debts that have been piled up by the farmers during drought years will be paid and faith in a great future for lands to be brought under cultivation by intelligent methods sympathetically undertaken by the governments are important features of the report.

# BRITISH AMERICAN OIL

## Operations in Western Canada Somewhat Disappointing

Following the annual meeting of the shareholders of the British American Oil Company, President S. R. Parsons issued a statement that business in the Western provinces during 1921 had been somewhat disappointing owing to special conditions prevailing there, but elsewhere in Canada, except for the quiet times affecting manufacturers generally and curtailing their ability to purchase usual supplies of lubricating and fuel oils, business had been fairly good. The company, he said, had no bonded or bank indebtedness, and had discounted all purchases of supplies wherever possible. Dividends have been maintained at the rate of 8 per cent. per annum and shareholders are now paid in United States funds.

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# PART OF $2,000,000 LOANED OFFICIALS QUITE IMPROPER

## Stock Market Activity Not Fostered by Loans to Bank Men

## HOUSES AND AUTOS

## Instances Where Loans to Managers Are Necessary—Where Merchants' Bank Transgressed

**From Our Own Correspondent**

MONTREAL.—One of the most surprising of the revelations made at the special meeting of the shareholders of the Merchants Bank was that a sum of $2,000,000 of the bank's funds was owed by bank officials for houses, automobiles, stocks, etc. The first looked fairly reasonable; the second about half and half, but for a bank to lend money to members of its staff as margins on stock market activity seemed to be beyond the ordinary conception of the duty a bank owes to its employees. The acting general manager who revealed this special type of loan, speaking of the matter afterward referred to some of these loans as going beyond the ordinary custom.

Banks do make loans to employees, just as any firm may find occasion for doing so. There is one special case probably in which banks find it necessary to advance money more than ordinary institutions, and that is for homes for their managers in Western Canada, particularly in the towns. Frequently it is found that there is no suitable accommodation available and the bank may either build a house itself or lend money to its manager to build. There is little of the former but the latter case is fairly common and necessary. There is nearly always, however, a provision by which the manager shall pay of the indebtedness as soon as possible. There are other cases where assistance may be given the manager even in the East in the purchase of a home but naturally no extravagance in the home chosen is tolerated where a loan from the bank is required.

The lending of money for the purchase of automobiles may also be quite legitimate. In many localities in Western Canada the managers find it to their advantage to own cars and use them in getting around the country to meet their clients or otherwise to keep in touch with conditions. In such cases the usual custom is for a loan to be made but regularly along with this there is a provision for the repayment in installments. An allowance might be made for the up-keep of the car just as an ordinary commercial house does with its representatives.

The stock market, however, as a cause for lending of money to bank employees is not looked on with favor as this offers too great a temptation for speculative investment which might prove dangerous to the employee. As such it is considered "taboo" with Canadian banks, and banking circles feel it should have been in the case of the Merchants Bank.

# Unfair to His Shareholders

HE PRESIDENT of the Merchants Bank, Sir Montagu Allan, could hardly have taken a course less calculated to retain whatever confidence remained in him among his shareholders, than his use of the majority of proxies entrusted to him to defeat the resolution calling for an inquiry.

This must come; come for the directors and the auditors as well as those on whom the president cast the blame; the general manager and the local manager.

The Minister of Finance must act.

# BELL TELEPHONE TO APPLY FOR INCREASE

## Some Cities Rates Have Not Been Increased in Thirty Years

The Bell Telephone Company are going to apply to the Railway Board, for a readjustment of rates, in an effort to secure increased revenues. Some cities have not had their phone rates increased in over thirty years. This appeal to the Board will precede anew stock or bond issue.

Considerable surprise is felt in Montreal at the inconsistent action of Boyce and Nantel of the Railway Board, who in 1921 signed the McLean Judgment, which granted a ten per cent. return on the capital stock. THE FINANCIAL POST learns that the annual statement is to be issued next week and it will show barely one half of the regular 8 per cent. dividend which was earned in 1921.

# WESTERN FARMERS WANT CHEAPER LABOR

## Believe That Organized Effort May Be More Successful This Year

**From Our Own Correspondent**

REGINA.—Wages of farm labor is one of the most important matters being discussed by the Saskatchewan farmers. The threshing bill for wheat alone in the province in 1921 was approximately $60,000,000. Weather conditions had something to do with the size of the bill but high wages constituted the principal item. The problem of regulating farm wages is intricate and difficult in the extreme, but there is widespread sentiment among the Grain Growers' locals that the association should tackle the problem.

Efforts to fix a standard scale of wages during 1921, was not a success owing to lack of organization on the part of producers. This co-operation, growers believe, may be arrived at this year.

### DIVIDEND PAYMENTS

| Company | Date | Rate | Record |
|---|---|---|---|
| Bank of Hamilton | Mar 1 | 3 | Feb 18 |
| Bank of Toronto | Mar 1 | 3 | Feb 10 |
| Bk of Commerce | Mar 1 | 3 | Feb 13 |
| Bank of Montreal | Mar 1 | 3 | Jan 31 |
| Royal Bank .... | Mar 1 | 3 | Feb 15 |
| Union Bank .... | Mar 1 | 2½ | Feb 13 |
| Home Bank ..... | Mar 1 | 1¾ | Feb 14 |
| Bank Hochelaga. | Mar 1 | 2½ | Feb 15 |
| Crow's Nest Coal. | Mar 1 | 1½ | Feb 11 |
| Gillette Razor .. | Mar 1 | $3 | Jan 31 |
| Do stock div.. | June 1 | 2½ | May 1 |
| C. P. R., com. .. | April 1 | 2½ | Mar 1 |
| Do., pref. .... | April 1 | 2 | Mar 1 |
| Woods Mfg. .... | Mar 1 | 2 | Feb 20 |
| Wabasso ..... | April 3 | 1 | Feb 20 |
| Mtl. Cotton, com.. | Mar 15 | 1½ | Feb 28 |
| Do., pref. .... | Mar 15 | 1¾ | Feb 28 |
| Imperial Oil, .... | Mar 1 | 75c | Feb 18 |
| Do., ........ | Mar 4 | 75c | Mar 1 |

# AN AGGRESSIVE MAN NEEDED IN ENGLAND

## Canadian High Commissioner Should Be More Than Social Ornament

If Canada's new High Commissioner goes to England with the idea of being a social figure-head he will accomplish little for the good of the country; if he goes over as a national commercial traveller and persists in salesmanship he can do inestimable service in the sale of our agricultural and manufactured products. The foregoing is the opinion of a prominent Canadian manufacturer who has had first hand experience in selling Canadian products to the governments of Great Britain and European countries. It was expressed in commenting upon the item in THE FINANCIAL POST last week headed "Larkin—High Commissioner." He believes that in his training and ability Mr. Larkin is well equipped to represent Canada in a practical way—that he will strive to insure that Canadian farmers and manufacturers get an "even break" in marketing their goods and will not be impeded by social customs and governmental red-tape.

The man who wants to sell Canadian goods to the British government in fair competition with British products must be prepared to break down the doors of the Colonial office, declares this experienced trade envoy. He will have to ignore social functions and customs which will be employed to prevent him from coming into actual contact with the business going on. He will have to ignore the pleasant advances which will be made to make him think that his position is a high social one and that he is above mere masters of trade—and he should remember that he will have to deal with those who have become adepts in keeping the agents of the dominions from becoming real factors in competition for Imperial government business.

P. C. Larkin has the qualifications which will meet the situation described. He can wear a silk hat with distinction—he wears it to business everyday—but no man in Canada has ever shown greater resource and determination in marketing his company's products; he is not afraid to take off his frock coat when occasion demands.

# MEXICO HAS MARKET FOR CANADA'S GOODS

## British Columbia Business Interests Asking Regular Steamship Service

**From Our Own Correspondent.**

VICTORIA.—British Columbia business interests are pressing for the service between Mexico and Canada's Pacific coast. Mexico, they point out, is importing $200,000,000 worth of goods annually, mainly from the United States, and many of the materials figuring in these imports could just as well be supplied by Canadian manufacturers.

It is said that during the first nine months of 1921 a total of 11,334 cars entered Mexico at border points with goods. About 165,000 cases of canned salmon and sardines were sent into Mexico from San Francisco. Many of the mining, oil, cotton and sugar concessions in Mexico are owned by Canadians, and one company alone buys $70,000 worth of goods annually, nearly all from the United States, because of the lack of direct transportattion facilities from Canada. Twenty thousand pairs of shoes and a vast quantity of leather are imported every year by Mexico. It is believed that a share of this business could be absorbed by Canadian industries.

Recently a Canadian company gave quotations on rubber shipments for Mexico at a rate of 20 per cent. below its nearest competitor, but delay in transportation was an obstacle to satisfactory business. A Mexican cigarette factory producing 18,000,000 cigarettes daily imports all its box shooks, glazed paper, nails and bronze powder. There is also a big demand for woollen goods, but Canada supplies none of these commodities.

Compared with the United States' portion of Mexico's foreign trade, estimated at $177,000,000, only about $4,000,000 worth of goods was taken to Mexico by British steamships.

### RAILROAD EARNINGS

Earnings of the Canadian Pacific Railway for the first week of February amounting to $2,749,000 showed a decrease of $621,000 or 18.4 per cent. as compared with the corresponding period in 1921.

The Canadian National reports earnings for the week ending February 7 amounting to $1,821,732, a decrease of $734,627 or 28.7 per cent.

# AMERICAN WINTER WHEAT OUTLOOK BAD

## May Affect The Prices For The Canadian Crop of 1922

A review of the world's wheat developments during the first six months of the crop year indicates an abnormally heavy absorption by importing countries; the failure of the commercial movement and distribution to confirm official crop estimates of some countries; the heavy imports by countries that heretofore have been exporters and the generally poor prospects existing over the greater part of the Northern Hemisphere for the 1922 harvest.

A statement issued by the U. S. Department of Agriculture, places the combined crops of 18 countries of Europe (exclusive of Russia) at 204,000,000 bushels larger than a year ago. This report was issued in face of the fact that extensive scientific observations, covering decades, have demonstrated that climatic conditions do not permit the development of such results.

An analysis of the world's visible supply shows that the greater part of it is held in North America, the total being enlarged by the record heavy marketings of American producers, the receipts showing that 36.2 per cent. of the crop had been received at primary points during the first six months, as compared with an average total of only 39.5 per cent. usually received in the entire 12 months. The total receipts of Canada and the United States exceeded those of a year ago by over 90,000,000 bushels.

At the present time the world's visible supply is 233,412,000 or 7,000,000 over a year ago; it was 84,387,000 under the average of the past five years. When the heavy marketings of this country are considered it constitutes one of the smallest visibles in fifteen years.

Of the 44,293,000 acres of winter wheat seeded in the States, over one half shows a condition of 80 or lower while 17,257,000 acres show a condition of 60 or lower. The records give that only once during the past 26 years has the condition reported in December shown an improvement at harvest time.

### UNLISTED SECURITIES

| | Bid | Asked |
|---|---|---|
| Brit. Amer. Assurance ... | 4⅞ | .... |
| Burns, P., 1st Mort. 6's.. | 103 | .... |
| Can. Machinery 6's .. .. | 74½ | 76 |
| Can. Woolens com. .. .. | 17¼ | 19 |
| Canadian Oil .. .. .. .. | 45 | 51 |
| Canadian Salt 6's .. .. .. | 90½ | .... |
| Can. Westinghouse .. .. | 107 | .... |
| Cockshutt Plow 7% pref. | 41½ | 43½ |
| Collingwood Ship Bld. 6's | 92 | .... |
| Cuban Can. Sugar pref.. | 14 | .... |
| Davies, Wm., 6's .. .. .. | 99 | .... |
| Dominion Power .. .. .. | 23 | .... |
| Dunlop Tire pref. .... .. | 84¼ | 85 |
| Do., 6's .. .. .. .. .. .. | 90½ | .... |
| Famous Players pref. ... | 56½ | 57½ |
| Goodyear Tire pref. .... | 57 | 59 |
| Morrow Screw 6's .. .... | 82 | 85 |
| Murray-Kay pref. .. .. . | 54 | 56 |
| National Life .... .... .. | 40 | .... |
| Neilson, Wm., 6's ..... .. | 90 | .... |
| Nova Scotia Steel 6% deb. | 72 | 73½ |
| Ontario Pulp 6's .. .. .. | 86½ | 90 |
| R. Simpson pref. .. .. .. | 79 | 80 |
| Sterling Bank .. .. .. .. | 102½ | 104 |
| Sterling Coal .. .. .. .... | 21 | 24 |
| Trust and Guarantee ... | 70 | 70½ |
| Toronto Power 5's 1924.. | 94 | 95 |
| Gunn's Ltd. pref. ... ... | 56 | 57 |
| Home Bank .. .. .. .... | .... | 100 |
| Imperial Oil .. .. .. .. .. | 107 | 110 |
| Harris Abattoir 6's .. .. | 91½ | 93 |
| King Edward Hotel 7's.. | 82 | 85 |
| Lambton Golf .. .. .. .. | 390 | 410 |
| Manufacturers' Life .. .. | 37 | 40 |
| Massey-Harris .. .. .. .. | .... | 55 |
| Mattagami Pulp pref. ... | 18 | .... |
| Mercantile Trust .. .... | .... | 98 |
| G. T. R. 3's, 1962, Dom. Govt. guaranteed ... | 62¾ | 63½ |
| Do., 4's M. & P. div. .. | 69¾ | 70½ |
| Do., 4's Sup. div. .. .. | 69¾ | 70½ |
| Great West Life .. .. .. | 199 | .... |
| Whalen Pulp com .. .. | .... | 8 |
| Do., pref. .. .. .. .. .. .. | .... | 16 |
| Western Power 5's .. .. | 66 | .... |
| Lake Sup. Paper 6's .. .. | 87½ | 88½ |

### NO. 3 FLOUR MILL ISSUE

## Rice Gibson & Co., Offer $250,000 Preferred Stock

Rice, Gibson & Company, Toronto are making an offering of $250,000, 8% Cumulative preference stock of the Canada Flour Mills Company, Limited.

The company operates a mill at Chatham, Ont., consisting of a grain elevator with a capacity of 150,000 bushels; a flour milling plant with a daily production of 750 barrels and a complete corn meal mill with a production of 400 barrels per day. This corn meal mill is the largest and best equipped mill in Canada. The company also owns and operates four other elevators, two in Kent County; one in St. Joachim and one at, Tupperville. Properties, plants equipment, etc., belonging to the company are valued at $607,604, against which is an issue of first mortgage bonds amounting to $150,000.

### Woods Manufacturing Co., Limited

**Common Stock Dividend Notice**

The regular quarterly dividend of two (2%) per cent. on the COMMON STOCK of WOODS MANUFACTURING COMPANY, LIMITED, for the quarter ending February 28th, 1922, has been declared payable March 1st, 1922, to shareholders of record February 20th, 1922.

By order of the Board,
JOHN T. F. KEENE,
Secretary-Treasurer.
Montreal, February 14th, 1922.

# WESTERN LIFE ASSURANCE COMPANY

HEAD OFFICE WINNIPEG

### SUMMARY OF TENTH ANNUAL REPORT FOR YEAR ENDING DECEMBER 31st, 1921

| | |
|---|---|
| Assurance in Force | $4,835,871.00 |
| New and Revived | 1,277,550.00 |
| Total Income | 184,481.12 |
| Assets | 454,213.71 |
| Reserve on Business in Force | 365,766.00 |
| Death Claims | 13,675.00 |
| Surplus | 80,782.77 |
| Average Interest Rate | 6.61% |

**BOARD OF DIRECTORS**

**President**

**Jas. M. Carruthers**, Winnipeg.
President and Managing Director, City Dairy, Ltd., President Financial Investments, Ltd., Director Great West Electric Co., Ltd.

**First Vice-President**

**W. E. Milner**, Winnipeg.
Manager, Winnipeg Board of Trade.

**Second Vice-President**

**Dr. T. J. Reid**, Minneapolis,
**William Bourke**, Winnipeg, Man.,
William Bourke and Company, Brandon Man., Vice-President and Assistant Manager, Manitoba Finance Corporation, Ltd., Director The Canadian General Trust Co.
**Chas. B. Rosenblat**, Winnipeg, Merchant.
**Dr. C. W. Proud**, Vancouver, B. C.
**R. H. Hamlin**, Winnipeg.
Manager, Empire Sash and Door Co., Ltd.

**Managing Director**

**Adam Reid**, Winnipeg.

**Medical Director**

**O. Margolese**, M. D. C. M., L. R. C. P. and S., Edinburgh.

**Treasurer**

**M. Campbell**, Winnipeg.

**Bankers**

The Standard Bank of Canada, Winnipeg.
HEAD OFFICE WINNIPEG

# Magnificent Record Achieved By Ontario Equitable

### Non-Participating Company Makes Rapid Strides in 1921

Those who attended the Second Annual Meeting of the Ontario Equitable Life & Accident Insurance Company, at Waterloo, on February 13, heard a Financial Report presented which marked the operations of this Company during 1921 as a unique success among the uniformly successful Canadian Life Companies.

The shareholders who met in February, 1921, were presented with a report of the then six weeks old Company, showing Insurance in Force of $1,053,300 and Assets of $174,985. The story of the unequalled growth during its first full year was outlined by the President, S. C. Tweed, who presided at the Second Annual Meeting.

**Financial Report**

The Income for 1921 was $240,387.26 as against Total Disbursements of $187,255.98. Payments on account of Death Claims stood at the remarkably low figure of only $6,500.

During the year Assets increased to $268,047.76. Of this amount $202,643.63 was invested in Dominion (Victory), Provincial and high-grade Municipal Bonds and $5,850 in Mortgages.

The Total Liabilities were $189,664.48, including Policy Reserves of $64,103.

The excess of the Assets over these Liabilities was $180,383.28, which is surplus security to Policyholders. Of this $102,000 is Paid Up Capital and $78,383.28 the Company's Net Surplus.

The Insurance in Force after deducting all terminations was $7,007,186 as at December 31st, 1921. Including business on the Double Indemnity basis the Grand Total amounted to $9,852,566.

The Company invested in only the highest class of securities. Those held had increased in market value by more than $12,000 over cost price. The Company's average interest yield for 1921 was 6.44 per cent.

The volume of 1922 business so far written by the Ontario Equitable was a most satisfactory indication of the strides the Company would continue to make.

# SECOND ANNUAL STATEMENT

## Of the Ontario Equitable Life and Accident Insurance Company

## *For the Year ending December 31st, 1921.*

**INCOME**

| | | |
|---|---|---|
| Balance net Assets, 31st December, 1920 | | $ 54,584.27 |
| Premiums (net) | $135,042.68 | |
| Interest and Rents | 9,244.58 | |
| Premium on Stock | 96,100.00 | |
| | | 240,386.26 |
| | | $294,971.53 |

**DISBURSEMENTS**

| | | |
|---|---|---|
| Death Claims | $ 6,500.00 | |
| Commissions and Agency Expenses | 101,103.05 | |
| Medical Fees | 7,121.00 | |
| Head Office Salaries and Directors' Fees | 16,467.81 | |
| Advertising, Office Supplies and Maintenance | 24,038.67 | |
| Balance Incorporation Expenses | 27,030.50 | |
| Miscellaneous: Licenses, Taxes, etc. | 4,994.95 | |
| | | $187,255.98 |
| Balance Net Ledger Assets, 31st December, 1921 | | 107,715.55 |
| | | $294,971.53 |

**ASSETS**

| | | |
|---|---|---|
| Mortgages | $ 5,850.00 | |
| Bonds and Debentures | 202,643.63 | |
| Accounts Receivable and Agents' Debit Balances | 424.55 | |
| Office Equipment | 10,878.18 | |
| Cash on Hand and in Bank | 10,684.37 | |
| | | $230,480.73 |
| **Additional Assets** | | |
| Due and Deferred Premiums Net | $ 23,993.24 | |
| Accrued Interest | 1,183.13 | |
| Market Value of Bonds Over Cost | 12,390.66 | |
| | | 37,567.03 |
| | | $268,047.76 |

**LIABILITIES**

| | | |
|---|---|---|
| Paid-up Capital | $102,000.00 | |
| Investment Account | 20,000.00 | |
| Agents' Credit Balances | 415.18 | |
| Suspense | 350.00 | |
| | | $122,765.18 |
| **Additional Liabilities** | | |
| Policy Reserves | 64,103.00 | |
| Medical Fees Unpaid | 2,559.00 | |
| Premiums Paid in Advance | 237.30 | |
| | | 66,899.30 |
| | | 189,664.48 |
| Surplus | | 78,383.28 |
| | | $268,047.76 |

**AUDITORS' REPORT**

We beg to report that we have audited the books of account and vouchers of your Company for the year ending 31st December, 1921, and that we have found the same correct.

We submit herewith an abstract statement of the business of the Company for such term and a balance sheet showing the assets and liabilities at the above named date.

We have examined in detail the securities held by your Company for its investments. They are first-class in every respect and are correctly set forth in such balance sheet.

J. SCULLY,
J. F. SCULLY, —Auditors.

January 20th, 1922.

**EXCESS OF ASSETS OVER LIABILITIES**

| | |
|---|---|
| Paid-up Capital | $102,000.00 |
| Surplus | 78,383.28 |
| Surplus Security to Policyholders | $180,383.28 |
| Insurance in Force | $7,007,186 |
| Including Double Indemnity | 9,852,566 |

THE BELL TELEPHONE COMPANY
LOCAL
LONG DISTANCE TELEPH

*"Use the Bell to Sell"*

*Every Bell Telephone is a Long Distance Station*

# How they build up Small-town dealers

A very successful movement that is spreading in Canada is the building up of small-town dealers by encouraging them to buy well-advertised goods—perhaps only a small trial order—and re-order by Long Distance.

One dealer sold last year $650,000 worth of merchandise in a town of 5,140 people. He says "85% of our trade is with farmers who know nationally advertised goods and buy the best. Several hundred of our best customers live 50 miles away." Thanks to Long Distance and the automobile the farm is no longer isolated.

Another dealer, located in a town of 2,640 population, sold $970,348 last year, 75% of it to farmers. "We must now carry nationally advertised goods," he says, "to hold the farmer's trade, as he has a telephone, an automobile, and reads the papers."

Some progressive concerns have adopted the permanent policy of crediting dealers' accounts with the cost of telephoning orders by Long Distance. The telephone line is the line of least resistance, and they encourage its use because it stimulates trade.

Jobbers and manufacturers who foster small-town trade by encouraging dealers to order and re-order by Long Distance, find these small stores grow rapidly and become virtually branches—it makes it so easy for them to get the right goods promptly.

# INVESTMENTS ARE FIRM WITH LITTLE TRADING VOLUME

### Underlying Conditions In Investment Markets Are Firm

## GOOD ISSUES STRONG

### Little Attention Being Paid To Speculative Issues Though These Are Around Bottom

Underlying conditions in the investment markets are firm. That is the chief cause for optimism in the present situation. While there has been very little activity in the ordinary run of securities the trading has been in keeping with the volume of turnover in most lines of business and the general movement where it has evidenced itself has been of a strengthening nature. With the better class of securities there has been much activity although of course the sensational movements of the period of "The Great Appreciation," as it has been termed, of the year end have not extended into the present. From week to week the changes in Victory bond prices have been hardly noticeable and the absorption of these issues has been tremendous.

Following any great spculative stage in investment markets comes the stage of caution when buyers shun the speculative stocks that were their ikons but a while before and look for seasoned securities that offer a profit later. We are still in ities of profit later. We are still in that stage of conservatism and are likely to remain there for some time.

Even so, the fact that everybody is out of the market for the speculative issues and that they are so low in price makes it seem the time for the shrewd buyer to look into some of these securities. Has bottom been reached? Most observers venture that bottom has been reached would seem to have been proved by the fact that when Brompton passed its dividend this week it caused many a flury in the paper stocks. If it is true that bottom hts been reached and the paper profits squeezed out of all securities then there is at least a solid foundation to build upon.

The mining stocks still continue to attract attention, the golds being in the lead as before.

## Bond Issue of $300,000 Is Made by Imperial Steel

For the purpose of providing working capital and reimbursing the treasury for money spent on extensions, the Imperial Steel Corporation, Limited, successor to the Imperial Steel & Wire Co., Limited, Collingwood, Ontario, is making an issue of $300,000 of 8 per cent twenty-five year first mortgage gold bonds. The bonds are being offered by the Continental Bond Corporation of Toronto at par with bonus of 20 per cent of common stock.

The company has recently put into operation a new and enlarged plant. The products consist of wire, nails, and similar articles of manufacture.

### EFFECTS OF COMPENSATION

#### Would Have a Direct Bearing on Industrial Costs

REGINA.—A Conference of provincial employers of labor here, went on record of approving the principle of a state board insurance compensation plan. It is recognized that should the requests for higher compensation than is already be provided for in other provinces, be even partially acceded to, it would mean that the people of Saskatchewan would have to pay more for work done. This, it was felt, would be a serious bar to industrial expansion in the province.

### SECURITY LIFE

#### Reserves Have Increased by Forty Per Cent.

With assets increased from $300,015 to $443,651 during the past year, the Security Life Company reports continued progress. The policyholders' reserve has been increased from $222,329 to $314,988, which represents an increase of 40 per cent. Death claims were very light, only $19,215 being paid. The gross premium income has grown from $112,648 to $139,656 for last year. The board of directors was re-elected.

### ECONOMICAL MUTUAL

The fiftieth annual statement of the Economical Mutual Fire Insurance Company, shows that in view of the fact that 1921 was a very bad one for Canadian fire companies, shows satisfactory results. The cash assets were increased from $855,869 in 1920 to $901,247. Receipts which amounted to $227,235 in 1918, have been enlarged to $1,134,127. Premiums on the cash system amounted to $148,166 as compared to $116,166 of four years ago, while the income on the mutual system totalled $70,571.

**The gross assets amount to** $1,119,066, of which bonds and debentures account for $642,298 and real estate $60,000. The company shows unadjusted claims of only $125 and a re-insurance claims of $13,112, giving a balance over all liabilities of $1,018,019 as against $778,833 in 1918. The total insurance now carried is $33,555,219.

## GROSS INCOME OF MACKAY CO. LOWER

### Proposed Additions to Cable Service Between France and Germany

The annual report of the Mackay Companies, just issued, follows the usual trend and is lacking in information that would give the shareholder any idea of the financial position of the company during the past few years. It is the policy of the Mackay companies to draw only sufficient funds from its subsidiary concerns to pay their dividends, all other surplus earnings go to the extension and development of business.

The income of the year is placed at $4,309,252 in comparison with $4,868,988 of a year ago. The sum of $4,180,340 was paid out in dividends which were smaller than last year by $49,996; the operating expenses consumed a total of $82,771, leaving a balance of $46,141 to be carried forward. The balance sheet shows investment totalling $93,201,957 which is slightly greater than last year; cash amounts to $172,210 as against $129,147 for 1920. The outstanding capital remains unchanged at $20,047,626.

President MacKay pointed out that there had been some decreases in the years' business, but these decreases had been largely made up in other directions, through the widely spread operations of the company. The Postal Telegraph-Cable Company's gross business was slightly in excess of last year. The company proposes to lay another cable between New York and Emden, Germany, by way of the Azores, to be followed shortly by another connecting France and New York.

# Does Investor in Detroit-Windsor Bridge Know What He is Getting?

Continued from Page 1

offered otherwise than in such units so far as can be learned. The application explains that the R. T. Scott cCompany takes 16.62 per cent. of the amount actually collected as commission and of this $40 has been offered to the salesmen placing the unit.

The investor then pays $261 for three bonds and $100 for a share of common stock. But as the common stock is obviously backed by real equity what the investor does in effect is to pay $361 for three bonds of a par value of $300 or on the basis of 120 for bonds which only pay five per cent. until 1926 and then 7 per cent. — on the par value of course. This is a basis below 6 per cent.

Further analysis supports this argument because if the Scott company takes 16.62 per cent. of the $361 invested $59.99 is absorbed and it can be readily estimated that other expenses will reduce the net amount below the basis of the par value of the bonds, leaving no equity for the common stock.

Also the investor, if he is a careful reader, will find that the prospectus provides that the mortgage under the bond cannot be enforced in default of interest for a period of five years after the bridge is open for traffic.

The foregoing is a summary of the more important factors which the prospective investor in this venture should consider. Of course there is a possibility that at some future time profits will be such that something will be paid on the common stock, but the point is that of the $100 now being paid for the common shares nothing is represented in the company's treasury above the liability for the bonds.

There are other conditions, too, which may be found in carefully reading the application for shares which tell such a different story from the optimistic literature—with attractive pictures and entrancing statistics—which is distributed to aid the sale of the securities.

It will be noted for instance that in addition to the provision of 16.62 per cent. of the proceeds of bonds and stock for the R. T. Scott Company for raising capital, the preliminary expenses will "take $100,000, or less." Further:

Directors are required to subscribe for only one share.

No more than 200 shares have been or will be issued for services rendered by engineers, attorneys and promoters and no more than 625 shares have been or will be given to the directors, except Chas. A. Fowler and A. F. Healy, who are not entitled to receive any shares as directors other than for cash.

Not more than 1¼ per cent. of the company's common stock shall be divided among the directors of the company.

The total salaries paid to directors and officers shall never exceed one half of one per cent. per annum of the total amount of shares and bonds sold or subscribed for, except by unanimous vote of the holders of common stock.

This Detroit-Windsor Bridge proposition would probably pass Blue Sky legislation in Ontario—the R. T. Scott Company favors such legislation. But we leave it to the reader to judge whether that would make it an attractive investment proposition on the basis of the foregoing information.

### RITZ-CARLTON HOTEL

The annual report presented to the shareholders of the Ritz-Carlton Hotel Co. indicated that the depression that had practically started in with November, 1920, continued more or less during 1921, there being in fact, only about three months of the year when the full facilities of the hotel were availed of.

Interest charges on first and second mortgage bonds were earned, but there was little over applicable to the $1,000,000 preferred stock, dividends on which have been in arrears since 1911. The outlook for the stock was stated not to be encouraging in reply to a shareholders' enquiry. The old board was re-elected.

## WESTERN LIFE CO. INCREASES RESERVES

### New Business For The Year Totals $1,227,550. Only Five Policyholders Die

The tenth annual report of the Western Life Assurance Company of Winnipeg, shows that the company more than attained its quota of business for the year. New policies issued and revived amounted to $1,277,550, making a total of $4,835,871 business now in force. The total gross premiums, less re-insurance amount to $137,017, compared with $128,418 of the previous year.

The assets of the company total $454,213, showing an increase of $98,840 for the year. Bonds and debentures make up the largest item of the assets, with a market value of $308,116. Real estate held, amounts to $6,254, while loans on policies stand at $36,512. The assets exceed the liabilities to policyholders by $80,782.

The reserves have been increased by $73,797, making the total security for policies in force of $365,766. Death claims paid during the year was $24,868, in comparison with $35,277 paid in 1920. Only five policyholders, insured for $13,675, died during the year; which was greatly below the expectation.

### TRAVELLERS' LIFE

#### Increases All Along the Line are Reported

MONTREAL.—The Travellers Life Assurance Company was able to report to its shareholders on Wednesday, an increase in the new business written for the past year, a rather unusual condition. The policies issued increased 21 per cent. over 1920, amounting to $4,612,298, bringing the total insurance in force to $14,047,515. The premium and interest income for the year was $472,895, an increase of 19 per cent. The total assets now stand at $1,082,546. The death claims during the year were very low, only 24.8 per cent of the expected. The company reported the purchase of property which has been remodelled and is now used for office purposes. A modern office building will be erected ultimately on the site. The officers are: President, J. N. Greenshields, K. C.; vice-president, Hon. Lorne C. Webster; secretary and actuary, Arthur P. Earle, A. L. A., A. A. S.

### CONSOLIDATED SMELTERS

Ore receipts at Trail Smelter, reported by the Consolidated Mining and Smelting Company, for the nine-day period ending January 31, amounted to 10,676 tons. For the first week of February the receipts totalled 8,855 tons, while for the year to date the total was 45,798 tons.

### MINING STOCK QUOTATIONS

Week Ending Feb. 14

| | High | Low | Close | Sales |
|---|---|---|---|---|
| Adanac | 1 | | | 16,500 |
| Apex | 2⅛ | 1½ | 1⅝ | 61,500 |
| Atlas | 14¾ | 10½ | 14 | 76,000 |
| Bailey | 3 | 2½ | 2½ | 4,500 |
| Beaver | 21 | 19 | 20½ | 31,050 |
| Chamber-Ferland | 3 | 2¾ | 3 | 4,500 |
| Coniagas | 1 30 | | | 600 |
| Cons. Smelt. | 19¼ | 19 | 19 | 190 |
| Cr. Reserve. | 16 | 12½ | 15 | 28,125 |
| Dome Mines. | 24 50 | 23 75 | 24 25 | 1,863 |
| Gifford | ¾ | ½ | ¾ | 17,000 |
| Gold Reef | 2⅜ | 2 | 2¼ | 25,500 |
| Hargraves | ½ | ⅜ | ½ | 3,500 |
| Hattie | 20 | | | 1,000 |
| Hollinger | 8 57 | 8 44 | 8 52 | 15,000 |
| Hunton | 10 | 7½ | 8½ | 29,000 |
| Keora | 10 | 9¼ | 9½ | 7,500 |
| Kirkland lake | 32 | 29½ | 31¼ | 28,000 |
| La Rose | 40 | 34 | 38 | 23,280 |
| Lake Shore | 1 50 | 1 43 | 1 44 | 31,700 |
| McKinley Dar | 19½ | 17 | 19½ | 9,500 |
| McIntyre | 2 59 | 2 44 | 2 59 | 78,700 |
| Mining Corp. | 1 05 | | | 1,000 |
| Moneta | 12 | 10½ | 11 | 32,000 |
| Newray | 10½ | 7¼ | 7¼ | 32,000 |
| Nipissing | 6 30 | 6 20 | 6 20 | 170 |
| Ophir | 2⅜ | 1¾ | 2¼ | 62,000 |
| Peterson lake | 5 | | | 2,000 |
| Porcupine Cr | 20 | 15½ | 18½ | 32,500 |
| Porcupine Imperial | ¼ | | | 4,000 |
| V. N. T. | 26½ | 20¾ | 23½ | 110,000 |
| Preston E. Dome | 6 | 4½ | 5¼ | 171,500 |
| Schumacher | 36 | 34 | 36 | 31,000 |
| S. Keora | 25½ | | | 1,000 |
| Teck Hughes | 31 | 29½ | 30½ | 87,000 |
| Timiskaming | 33 | 32 | 33 | 3,450 |
| Thompson Krist | 2 | 1⅞ | 2 | 23,500 |
| Trethewey | 4½ | 3 | 3 | 12,000 |
| West Dome | 7⅜ | 6½ | 7⅜ | 18,500 |
| Wasapika | 4¼ | 2½ | 4 | 22,000 |
| West Tree | 2½ | | | 500 |

## STOCK MOVEMENTS OF THE WEEK

Week Ending February 14

| BANKS— | Div. Rate. | Ask. | Bid. | High. | Low. | Close. | Sales |
|---|---|---|---|---|---|---|---|
| Commerce | 12+1 | 182½ | 182 | 185½ | 182 | 182½ | 136 |
| Dominion | 12+1 | 193 | 192 | 193½ | 193 | 193 | 135 |
| Hamilton | 12 | 172 | 171½ | 173 | 171 | 171½ | 72 |
| Hochelaga | 10 | 147 | 146 | 147 | 146 | 147 | 25 |
| Imperial | 12 | 171 | 170 | 171 | 168 | 171 | 113 |
| Molsons | 12 | 168 | 164 | 165 | 164½ | 165 | 47 |
| Montreal | 12+2 | — | 212 | 214 | 212 | 214 | 170 |
| Nationale | 12 | 99¾ | 99 | 100 | 99¾ | 99¾ | 13 |
| Nova Scotia | 16 | 254 | 252 | 255 | 255 | 255 | 27 |
| Royal | 12+2 | 200 | 199 | 200 | 199 | 199½ | 201 |
| Standard | 14 | 202 | 200 | 200 | 200 | 200 | 52 |
| Toronto | 12 | 179 | — | 181 | 178 | 178 | 34 |
| Union | 10 | — | 137 | 141 | 140 | 140 | 56 |
| INDUSTRIALS, UTILITIES, ETC. | | | | | | | |
| Abitibi Pulp com. | .. | 31 | 30 | 30⅞ | 30¼ | 30¾ | 1075 |
| Do pref. | 7 | — | 83½ | 83½ | 80½ | 80½ | 6 |
| Ames Holden | 6 | — | 17½ | 18⅛ | 18 | 18⅛ | 30 |
| Amer. Salesbook pref | 7 | 83 | 79 | 81 | 81 | 81 | 11 |
| Asbestos Corp. | 6 | 47 | 46⅞ | 48 | 45 | 47 | 360 |
| Do., pref. | 7 | 76 | 74 | 75 | 74 | 74 | 155 |
| Atlantic Sugar com. | .. | 25 | 24 | 25 | 24½ | 24½ | 35 |
| Barcelona Traction | .. | 4½ | 4 | 4½ | 4 | 4¼ | 255 |
| B. C. Fishing | .. | 25 | — | 25½ | 25 | 25½ | 14 |
| Brit. Emp. Steel, com. | .. | 10 | 9 | 10 | 9¾ | 10 | 45 |
| Do. 1st pref. | 7 | — | 63 | 65½ | 60 | 65½ | 30 |
| Do 2nd pref. | .. | 24 | 23 | 25 | 23 | 23 | 121 |
| Brompton Pulp | .. | 18¼ | 18 | 18¾ | 18 | 18 | 670 |
| Bell Telephone | 8 | 105 | 104 | 107¾ | 103 | 105 | 1085 |
| Burt, F. N. com | 10 | 109 | 108 | 108½ | 108 | 108½ | 50 |
| Brazilian Traction | — | 32¼ | 32 | 32¼ | 29¼ | 32 | 8169 |
| Canada Bread com. | .. | 27 | 26 | 26½ | 26 | 26½ | 108 |
| Do pref. | 7 | — | 89 | 89 | 88 | 88 | 2 |
| Can. Car & Foundry com. | .. | — | 19 | 21 | 19½ | 21 | 395 |
| Do pref | .. | 46 | 44 | 47 | 45¾ | 47 | 120 |
| Canada Cement com. | 6 | 55½ | 54¾ | 55 | 53 | 55 | 935 |
| Do pref. | 7 | — | 90 | 92 | 90 | 92 | 52 |
| Canada Steamships com. | .. | 15 | 13 | 14 | 13¾ | 13¾ | 220 |
| Do pref. | 7 | 42 | 41 | 42¾ | 41 | 42 | 614 |
| Can. Converters | 7 | 70½ | 708 | 70½ | 70 | 70½ | 111 |
| Can. Cottons com. | 8 | | | | | | |
| Do pref | 6 | 80 | — | 80 | 80 | 80 | 45 |
| C. G. Electric com. | 8 | 96 | 95½ | 96 | 95 | 96 | 303 |
| Can. Locomotive com. | 8 | 80 | — | 76 | 76 | 76 | 10 |
| Do pref | 7 | 86 | — | 82 | 82 | 82 | 15 |
| Can. Pacific Railway | 10 | 135 | 134 | 135 | 131 | 131 | 521 |
| Carriage Factories, com. | .. | — | — | 8 | 8 | 8 | 10 |
| City Dairy, com. | 7+3 | 91 | — | 91 | 91 | 91 | 20 |
| Do. pref. | 7 | — | 90 | 90 | 90 | 90 | 5 |
| Consumers Gas | 10 | 150 | 149 | 151 | 150 | 150 | 23 |
| Crows Ness Pass Coal | 6 | 50 | — | 50 | 50 | 50 | 46 |
| Detroit Railway | 10 | 62 | 60 | 63⅞ | 56 | 61 | 1043 |
| Dominion Bridge | 4 | 61 | 60 | 60 | 59 | 60 | 512 |
| Dom. Canners, com. | .. | 23 | 21 | 23½ | 23 | 23½ | 105 |
| Dom. Glass com. | 6 | — | 55 | 56 | 55 | 55 | 70 |
| Dominion Steel | 6 | — | 68½ | 70¼ | 69 | 70 | 118 |
| Dominion Coal pref. | 7 | — | — | 69 | 68 | 69 | 16 |
| Dominion Iron pref. | 7 | — | 61 | 69 | 60 | 60 | 16 |
| Dom. Textile com. | 12 | — | 134 | 134 | 133½ | 134 | 160 |
| Do pref | 7 | — | 105 | 105½ | 105½ | 105½ | 20 |
| Duluth Superior | .. | 20 | 18½ | 18½ | 18½ | 18½ | 20 |
| Howard Smith Paper pref. | 8 | 86 | — | 87 | 87 | 87 | 5 |
| Illinois Traction pref. | 6 | 79 | 76 | 78½ | 78 | 78½ | 6 |
| Lake of Woods, com. | 12 | 144 | 143 | 144⅛ | 142 | 144 | 31 |
| Laurentide Paper | 6 | 75½ | 75⅜ | 75½ | 74 | 75½ | 1157 |
| Lyall Construction | 4 | 37 | 36 | 36¼ | 35¼ | 35¼ | 135 |
| Macdonald A. | .. | 12 | 11¾ | 12 | 11 | 11 | 62 |
| Mackay com. | 6 | 83½ | 83 | 84 | 82¾ | 83⅛ | 447 |
| Do pref. | 4 | 64 | 63½ | 65¼ | 64 | 64 | 235 |
| Maple Leaf Milling com. | 12 | 119 | 117 | 119 | 119 | 119 | 47 |
| Do pref. | 7 | 98 | — | 98 | 97½ | 97¾ | 60 |
| Mont. L. H. & P. Cons. | 5 | 87 | 86¾ | 87½ | 86⅝ | 87 | 1160 |
| Montreal Tramways | 10 | 146 | — | 146 | 146 | 146 | 86 |
| National Breweries com. | 4 | 56¼ | 56 | 56 | 55 | 56 | 885 |
| Ogilvie Flour com. | 12 | 185 | 181 | 184½ | 184 | 184½ | 40 |
| Do., pref. | 7 | — | 106¼ | 106½ | 106½ | 106½ | 5 |
| Ont. Steel Products, com. | 4 | 42 | 38 | 39¼ | 38¾ | 39¼ | 170 |
| Ottawa L. H. & Power | 6 | 79 | 78 | 80 | 78 | 79 | 153 |
| Pacific Burt, pref. | 7 | 80 | 75 | 80 | 80 | 80 | 3 |
| Penman's, com. | 8 | 100 | 95 | 98 | 98 | 98 | 10 |
| Price Bros. | 2 | 33 | 31 | 32 | 32 | 32 | 10 |
| Porto Rico Railways com. | 4 | 30 | — | 30 | 30 | 30 | 30 |
| Do., pref. | 7 | 76 | 70 | 72 | 72 | 72 | 20 |
| Quebec Railway | .. | 23½ | 22¾ | 24 | 21½ | 23 | 1220 |
| Riordon Pulp com. | .. | 6 | 5 | 5½ | 5 | 5 | 95 |
| Rogers, Wm. pref. | 7 | — | 75 | 78 | 78 | 78 | 8 |
| Shawinigan | 7 | 105¼ | 105⅛ | 105½ | 104¾ | 105 | 253 |
| Sherwin-Williams pref | 7 | 91½ | — | 91 | 91 | 91 | 10 |
| Spanish River Pulp com. | 7 | — | 54 | 55 | 55 | 55 | 10 |
| Do pref. | 7 | — | 72 | 75 | 72¾ | 74½ | 583 |
| Steel of Canada com | 7 | 57½ | 56½ | 57 | 56 | 57 | 917 |
| Do. pref. | 7 | 92½ | 91¾ | 92½ | 92 | 92 | 80 |
| Toronto Railway | ... | 68½ | 67½ | 69¼ | 67¾ | 68 | 550 |
| Tuckett Tobacco com | 4 | 36 | 33 | 346 | 34½ | 34½ | 25 |
| Twin City com. | .. | 38 | 37 | 40 | 37 | 37 | 131 |
| Wabasso Cotton | 4 | 58 | 57 | 57 | 57 | 57 | 75 |
| Wayagamack | .. | 37⅜ | 37¼ | 38 | 37 | 37¼ | 395 |
| Winnipeg Electric | .. | 33 | 31¾ | 32¾ | 32 | 32½ | 157 |
| St. Law. Flour, com. | .. | — | 65 | 65½ | 65 | 65 | 25 |
| West. Can. Flour | 8 | 115 | — | 115 | 112 | 115 | 10 |
| Woods Mfg. pref. | 7 | — | — | 70 | 70 | 70 | 15 |
| Canada Landed | 10 | — | 74 | 72⅛ | 72 | 72⅛ | 16 |
| Can. Permanent | 12 | 18 | 17½ | 18 | 17½ | 17½ | 565 |
| Dom. Savings | 5 | — | 35 | 35 | 35 | 35 | 20 |
| National Trust | 12 | 200 | 195 | 200 | 200 | 200 | 4 |
| Tor. Gen. Trusts | 12 | — | 200 | 205 | 205 | 205 | 2 |

# CANADIAN GUARANTY TRUST COMPANY

### Statement for 12 months ending December 31st, 1921

The Twelfth Annual General Meeting of Shareholders of Canadian Guaranty Trust Company was held in the office of the Company, 1031 Rosser Avenue, Brandon, at 2.30 o'clock p.m., on Wednesday, February 1st, 1922, when the following reports were presented:

**ASSETS**

| **Capital Account—** | | |
|---|---|---|
| Mortgages on Real Estate | $ 7,540.63 | |
| Real Estate held under Power of Sale | 293.78 | |
| Municipal Debentures and Government Bonds | 71,216.32 | |
| Bills Receivable | 1,040.90 | |
| Accounts Receivable | 3,042.24 | |
| Interest and Commission accrued | 19,569.65 | |
| Office Furniture, Equipment and Safety Deposit Boxes (less amount written off) | 2,463.72 | |
| Advances to Estates and Agencies secured by Estate and Agency Assets | 362,212.88 | |
| Cash on hand and in Banks | 3,580.84 | |
| | | $ 470,960.96 |
| **Trust, Guarantee and Agency Accounts—** | | |
| Mortgages on Real Estate | $295,026.49 | |
| Stocks, Bonds and Debentures | 54,121.72 | |
| Cash on hand and in Bank | 2,476.97 | |
| | | 351,625.18 |
| **Trusts, Estates and Agencies—** | | |
| Unrealized Original Assets, including Real Estate, Mortgages, Stocks, etc., at Inventory Value | | 2,441,214.15 |
| | | $3,263,800.29 |

**LIABILITIES**

| **Capital Account—** | | |
|---|---|---|
| (Capital Subscribed $596,050.00) Paid thereon | $267,964.96 | |
| Balances at Credit Estates and Agencies | 89,879.66 | |
| Reserve Fund | 45,000.00 | |
| Contingent Fund | 2,000.00 | |
| Reserve for Taxes | 3,300.00 | |
| Dividend No. 9 | 16,066.65 | |
| Dominion Bank | 41,000.00 | |
| Balance, Profit and Loss | 5,749.69 | |
| | | $ 470,960.96 |
| **Trust, Guarantee and Accounts—** | | |
| For Investment and Distribution | | 351,625.18 |
| **Trusts, Estates and Agencies—** | | |
| Inventory Value of Unrealized Original Assets of Estates, Agencies, etc., under Administration | | 2,441,214.15 |
| | | $3,263,800.29 |

**PROFIT AND LOSS**

| Dr. | | Cr. | |
|---|---|---|---|
| To Dividend No. 9 | $16,066.65 | By Balance brought forward from 1920 | $5,753.19 |
| To Transferred to Reserve | 5,000.00 | By Profits for the year after deducting Cost of Management, Auditor's Fees, Rent, Taxes, etc., and amount written off Furniture and Deposit Boxes | 21,063.15 |
| To Balance carried forward | 5,749.69 | | |
| | $26,816.34 | | $26,816.34 |

**AUDITORS' CERTIFICATE**

We have audited the accounts of the Canadian Guaranty Trust Company for the half year ended 31st of December, 1921, the details for the half year to 30th of June being audited by Messrs. Cherry, Macdonnell & Company.

We hereby certify that the above Balance Sheet, in our opinion, exhibits the true and correct state of the Company's affairs as at the 31st of December, 1921.

We have verified the Cash and Bank Balances and examined the Securities and found them in good order.

Respectfully submitted,
COOPER, DONOVAN & COMPANY,
Chartered Accountants and Auditors.

Brandon, Manitoba, January 10th, 1922.

The Scrutineers reported the following elected as Directors, viz.: A. C. Fraser, John R. Little, A. L. Young, J. S. Maxwell, Wm. Ferguson, Geo. S. Munro, Alex. A. Cameron, D. A. Reesor, H. L. Adolph, John A. McDonald, E. O. Chappell, W. C. McCulloch, Hon. W. M. Martin, Alex. Rose and C. E. Bothwell.

At a meeting of the Directors, held subsequent to the meeting of the Shareholders, Mr. Alex. C. Fraser was appointed President, Colonel A. L. Young, Vice-President, and Mr. John R. Little, Managing Director.

## Tenders For Debentures

TOWN OF FORD CITY

Tenders will be received by the undersigned for the purchase of Twenty-two thousand dollars ($22,000.00) 20-year Public School Debentures, interest 6½% payable semi-annually.

Tenders must be marked "Tenders for Debentures" and received by the undersigned not later than noon of Friday, March 3rd, 1922.

**J. F. FOSTER,**
Town Clerk.

## TENDERS FOR DEBENTURES

Tenders addressed to the undersigned and endorsed "TENDERS FOR DEBENTURES" will be received at the Administration Building of the Separate School Board, 477 Jarvis Street, Toronto, up to 4 o'clock p.m., March 2nd, 1922, for the purchase of **$500,000 Debentures** issued by the said Board under By-law No. 28, payable in 20 years from the date thereof at the principal office of the Home Bank of Canada, Toronto, and bearing interest at the rate of 5½% per annum.

Further particulars may be obtained on application to the Secretary of the Board. The highest or any tender not necessarily accepted.

**ALBERT HORNBERGER,**
Chairman of Finance,
Separate School Board.

## TENDERS

Sealed Tenders and marked "TENDERS" will be received by the Municipal Council of the Town of East Angus until Tuesday, March seventh at 5 o'clock p.m., for the purchasing of $25,000 of debentures issued by said town.

An accepted check payable to Town of East Angus and equal to 2 per cent. of the offer is required with each tender.

Any tenders not necessarily accepted. For all information address to Secretary-Treasurer's office.

J. ALFRED GIRARD,
Secretary-Treasurer,
East Angus.

## TOWNSHIP of SCARBOROUGH

TENDERS will be received by the Township of Scarborough for the purchase of Township of Scarborough Debentures to the amount of $196,288.58, payable in instalments during nineteen years, commencing December 15th, 1922, and ending December 15th, 1940, and bearing interest at six and one-half per cent. per annum, coupons.

Tenders should be addressed to James T. Stewart, Treasurer Township of Scarborough, Council Chamber, Birch Cliff, and all tenders will be opened on the 1st day of March, 1922, at eleven a.m.

Further particulars may be obtained from the undersigned or from H. E. Redman, 711 Dominion Bank Building, Toronto.

No tender necessarily accepted.

**JAMES T. STEWART,**
Treasurer Township of Scarborough.

## Imperial Oil Limited
### DIVIDEND

NOTICE is hereby given that a dividend of seventy-five cents (75c) per share in Canadian funds has been declared by the Directors of Imperial Oil, Limited, and that the same will be payable in respect of shares specified in any Share Warrant of the Company within three days after the Coupon Serial Number Eleven of such Share Warrant has been presented and delivered to

The Royal Bank of Canada,
Toronto, Ontario,

or at the office of:

Imperial Oil, Limited,
56 Church Street,
Toronto, Ontario,

such presentation and delivery to be made on or after the first day of March, 1922.

Payment to Shareholders of record and fully paid up at the close of business on the 18th day of February, 1922 (and whose shares are represented by Share Certificates) will be made on or after the 1st day of March, 1922.

The books of the Company for the transfer of shares will be closed from the close of business on the 18th day of February, 1922, to the close of business on the 1st day of March, 1922.

By order of the Board.

JAS. H. ARCHBOLD,
Secretary.

56 Church Street,
Toronto, Ontario.
February 11th, 1922.

## CANADIAN PACIFIC RAILWAY COMPANY
### Dividend Notice

At a meeting of the Board of Directors held to-day the following dividends were declared:

On the Preference Stock, two per cent. for the half year ended 31st December last;

On the Common Stock, two and one-half per cent. for the quarter ended 31st December last, being at the rate of seven per cent. per annum from revenue and three per cent. per annum from Special Income Account;

Both dividends are payable 1st April next to stockholders of record at three p.m. on 1st March next.

By order of the Board,

ERNEST ALEXANDER,
Secretary.

Montreal, 13th February, 1922.

## CANADA CEMENT CO. EARNED ONE-HALF COMMON DIVIDEND

### Plants Operated at Reduced Rate With Costs High

### $2,000,000 BUILDING

### Over $1,200,000 Spent Already—Surplus Called on $810,000 in the Last Two Years—Outlook

From Our Own Correspondent

MONTREAL.—The annual statement of Canada Cement Company for the year ending December 31, 1921, issued at the week-end, works out as outlined in these columns some weeks ago: that is, very close to that of the year 1920. Where in 1920 there was earned 3.1 per cent. on the common stock the earnings for 1921 were about 3 per cent. As the common dividend paid was 6 per cent. the company was obliged to draw upon its surplus to the extent of $284,930 to cover the difference in dividend payments and provide bond interest, depreciation, reserves aind the preferred and common dividends. If $120,000 income taxes be added the total deficit would be $404,930.

The president of the Company, F. P. Jones, reports that owing to the poor demand for cement some of the plants did not operate during the year and others only at a reduced rate of production. The high cost of coal and freights further reduced the earnings. The reason for the demand being less than had been anticipated the president ascribes to liquidation in a great many lines being postponed or slow. He deals with the prospects for the current year as follows:

**Prospects for 1922**

"It is difficult to predict what the demand for cement will be during 1922. We feel that until there is a substantial reduction in the costs of freights and coal which enter largely into the costs of most commodities, and a reduction in labor costs of building in many parts of the country, we cannot expect any marked improvement in general conditions. There is a large amount of building necessary, also a vast amount of building and improvements of various kinds which would be profitable investments for the country, community or individual, which undoubtedly will be undertaken when adjustments have been made and conditions become more normal, and which will result in a good demand for your product."

**New Building Will Cost $2,000,000**

The argument has been advanced, and with some force, that the Company would not have considered erecting an office building that will cost $2,000,000 if it did not feel that it had a sufficient surplus and working capital to warrant it in continuing the common dividends for a reasonable length of time even if the actual net earnings were insufficient to cover the current dividends. The president states that there had been an expenditure on the new building of $1,253,392 to date including land and building and there was a liability on uncompleted contracts of $623,984. In addition he adds there will be other expenditures that will bring the cost up to about $2,000,000. "We expect the building to earn a moderate return on the capital invested in addition to advertising the product of your Company," says the report.

The income from operations and investments amounted to $2,636,460; about $273,000 more than last year. The Company ends the year with a total surplus of $614,040 as compared with one of $898,000 a year ago and $1,424,000 two years ago. Thus in the past three years the Company has taken out of its surplus a total of $810,000 or exactly one year's dividend to maintain its common dividend. The profit and loss statements for the past five years appear below.

**No Call Loans—Inventories Down**

The balance sheet of the Company shows a decline of about $450,000 in inventories as compared with last year but these are still $1,300,000 higher than two years ago. The working capital, due largely to the expenditures on the new building, shows a decline of $833,000, but still stands at $1,742,498.

The reports draws attention to the fact that no provision for the Federal income tax for 1921 has been made out of earnings. This is estimated to be about $120,000, which will be paid when due and charged to contingent reserve.

The plant of the Company is taken at $28,932,152 as compared with $28,117,575 one year ago. The items of the working capital account for the past two years compare thus:

**Working Capital Account**

| Current Assets:— | 1921 | 1920 | 1919 |
|---|---|---|---|
| Inventories | $3,293,865 | $3,746,605 | $1,972,643 |
| Acc. rec. ... | 456,152 | 815,267 | 562,910 |
| Bills rec. . | 15,301 | 11,245 | 7,400 |
| Cash ...... | 27,227 | 69,095 | 12,076 |
| Deposits .. .. | 57,337 | 19,041 | 101,181 |
| Call loans ..... | —— | 621,000 | 660,000 |
| | 3,849,882 | 5,282,253 | 3,316,210 |
| Current liab.:— | 1921 | 1920 | 1919 |
| Acc. pay .... | $955,038 | 1,949,475 | 408,527 |
| Int. accr. .. | 91,096 | 95,193 | 99,142 |
| Bank loans . | 675,000 | 275,000 | |
| Pref. Div. ... | 183,750 | 183,750 | 183,750 |
| Common Div. | 202,500 | 202,500 | 202,500 |
| | 2,107,384 | 2,705,918 | 893,919 |

**FIVE YEARS' STATEMENT OF CANADA CEMENT**

| | 1921 | 1920 | 1919 | 1918 | 1917 |
|---|---|---|---|---|---|
| Net earnings .... | $2,636,460 | $2,362,742 | $3,057,553 | **$2,215,708 | **$2,861,246 |
| Depreciation .. .. | 815,529 | 810,491 | 1,149,584 | ........ | ........ |
| Balance .... .... | $1,820,941 | $1,552,251 | $1,907,969 | $2,215,708 | $2,861,246 |
| Bond interest ... | 376,684 | 392,621 | 406,793 | 420,064 | 432,065 |
| Balance .... .... | $1,444,257 | $1,159,630 | $1,501,176 | $1,795,644 | $2,429,181 |
| Pfd. dividend ... | 735,000 | 735,000 | 735,000 | 735,000 | 735,000 |
| Balance .... .... | $ 709,257 | $ 424,630 | $ 766,176 | $1,060,644 | $1,694,181 |
| Com. dividend ... | 810,000 | 810,000 | 810,000 | 810,000 | 810,000 |
| Balance .... .... | *$ 100,743 | *$ 385,370 | *$ 43,824 | $ 250,644 | $ 884,181 |
| Reserves .... .. | 184,177 | 140,515 | 1,208,962 | 150,000 | 400,000 |
| Surplus .... .... | *$ 284,930 | *$ 525,885 | *$1,252,786 | $ 100,644 | $ 484,181 |
| Prev. surplus ... | 898,970 | 1,424,857 | 2,677,643 | 2,576,999 | 2,092,818 |
| Total surplus .... | $ 614,000 | $ 898,972 | $1,424,857 | $2,677,643 | $2,576,999 |

*—Deficit.

**—After allowing for depreciation.

## The Campaign Against Fare Increases Continued

The London Street Railway Company will endeavor to have more favorable consideration given the McCrea bill at the present session of the Ontario legislature. Under this measure it is proposed that present regulations will be so amended to permit street railway companies to apply to the Ontario Railway Board for fare adjustments in order that they may meet the present cost of operation. Toronto, London and Hamilton are three cities which were particularly interested in the measure. Toronto, however, now having control of the street railway system, has increased the fares to practically double what they were under the company's charter. Public ownership enthusiasts in both Hamilton and London may be expected to oppose such a measure, as they have no sympathy towards a corporation trying to struggle along on an income which not only means nothing for the investor and an indifferent transportation service, but in fact involve an actual loss where earnings are not sufficient to pay the bare operating costs.

## PROGRESS MADE BY LA PAZ OIL CO.

### Some Wells Producing and Others Are Now Being Sunk

After a recent visit to Mexico, where he inspected the holdings of the La Paz Oil Corporation, Colonel J. F. H. Ussher, Toronto, has issued a letter to the shareholders, in which he gives the particulars of progress being made. The following paragraphs are of interest:

Of the 5,000 acres owned by the Company, I visited about one-third, representing some 10 different lots.

There are two wells on Lot 9, Topila. Well No. 1 was opened for me and I was present when the quality tests were made on this well. My thought, after seeing the No. 1 Well flow, was that the combined production would be about 10,000 barrels per day. The laboratory test showed there was no sign of salt water in the oil.

I am advised by the Company that this production is sold to an oil company operating in Mexico at a good price, and should produce a revenue of something over $500,000 per year for some years. There is room on Lot 9 for several more wells.

Lot 4, Topila, is well located, but a well about 500 yards from it had been running wild for some months and as a result of being uncontrolled had developed a percentage of salt water. Just what effect that will have on La Paz Lot 4, I cannot say, but would think it inadvisable to drill there till some time after this wild well had been capped and allowed to settle again.

Lot 41, Zacamixtle, is undoubtedly an excellent property. Many good wells surround it and it seemed remarkable to me that it had not been drilled, as I look for it to produce a great quantity of oil of higher grade than Topila and worth about 75c per barrel at present market.

Since my return I am informed that several companies have made offers to drill Lot 41, and negotiations are now in progress, so that by May or June La Paz may have a production of well over 100,000 barrels per day on this lot.

Contracts have also been suggested to the Company to drill on Lots 11 and 19, Topila, and others, which are regarded as practically sure producers.

Some of the outlying properties—or formerly regarded as such—have as a result of development on surrounding property, become very valuable and now promise to be even more desirable than others which had been prviously regarded as the best properties. This is particularly true of the largest of the Company's individual properties—Lot 7, Meson, and Lots 1, 4, 9, Quebrachita. I feel quite sure attractive offers to drill these properties will be received in the near future, as I am advised by some of the most experienced operators in the field that they will undoubtedly be sought after as a result of the excellent developments occurring around them.

N. Y. Herald in four line editorial says: If protest of American people cannot beat the bonus in Congress the votes of the people can beat Congress that jams it through.

## "BLUE SKY ACTS LEAD TO FRAUD"—THOMAS MULVEY

(Continued from Page 1)

vendors of property to the company—and the term "vendor" is extended to include any person who has entered into a contract of sale to the company or for the sale of property to be acquired by the company when the purchase price is not paid at the issue of the prospectus, or when the purchase price is to be paid out of the issue, or when the completion of the contract is dependent on the result of the issue.

The prospectus must also show the amount payable for the purchase of property in cash, shares or securities; the amount paid during the past two years for commissions on the sale of shares or securities; the probable amount of the promotion expenses; the amount paid or payable to promoters; the names, dates and particulars of all contracts entered into on behalf of the company, and the place where copies may be inspected; and the interest of each of the directors in the promotion or in the property acquired or proposed to be acquired by the company. By means of the prospectus an intending investor is enabled to see the truth of the promotion in all details.

One of the most important of the above provisions is that which relates to the minimum subscription. It is undoubtedly true that there is as great or perhaps greater loss to the public through sanguine flotations as through those which are fraudulent. The minimum amount of capital with which the company proposes to do business must be disclosed in the minimum subscription, and the prospectus should fix such an amount as will appeal to an investigating investor. If the amount be too high, there may be difficulty in reaching it, and if too low, the fact that the company may be launched without adequate capital is disclosed. This is for investors to judge.

The investor is further protected by the provision that the company cannot do business until the minimum subscription is reached and paid in cash, and the courts have enforced this provision to the extent that it has been held that a check which has not been certified is not within the meaning of the provision for payment in cash

On the minimum subscription being reached, a return of allotment must be made to the Registrar, showing that all requirements of the act have been complied with, and a certificate to do business is issued. If the amount named in the minimum subscription is not subscribed within forty days, the amount of all subscriptions must be returned to the subscribers; and if the amount is not repaid within forty-eight days, the directors are jointly and severally liable for the amount.

United Textile Workers' Union will prove a poor leader in a general New England textile strike considering the complete collapse of the strike which they sponsored last summer in Charlotte, N.C., district, when they were unable to pay promised strike bonus of $6 weekly to members who had been paying dues for several years.

H.M.S. HERO
18¢ per package Two for 35¢
and in tins of 50 & 100
"A Little Bit of All Right"
Enjoy them to-day
PLAYER'S
NAVY CUT
CIGARETTES

Town Car

CUSTOM BUILT EXCLUSIVE BODIES

Have your chassis fitted with a custom-built, aluminum body of any style—Sedan, Coupe, Limousine, Touring, Sport Roadster, etc., built in an exclusive design to your ideas.

Write us stating kind of chassis you have and style of body you are interested in. We make no charge for our suggestions.

CARRIAGE FACTORIES LIMITED,
ORILLIA, CANADA

Builders of:
Pleasure Car Bodies,
Truck Bodies,
Taxi Cab Bodies,
Motor Bus Bodies,
Motor Ambulance Bodies.

Sedan

THE DOMINION LIFE ASSURANCE COMPANY

Head Office - - Waterloo, Ont.

1921—A RECORD YEAR

POLICIES issued and revived ........ $16,342,375.00
Amount of insurance in force ........ 53,175,830.00
Total Assets ........ 7,135,695.66
Total Income ........ 2,072,702.02
Payments to Policyholders ........ 539,507.66
Surplus Earned ........ 308,969.35
Total Reserves ........ 5,954,778.00

## THIRTY-EIGHTH ANNUAL REPORT OF THE Portage la Prairie Farmers' Mutual Fire Insurance Company

OFFICERS AND DIRECTORS

President, E. H. MUIR Vice-President, M. G. TIDSBURY Directors: JAS. McKENZIE,
P. D. McARTHUR, JOS. W. YUILL, JOS. TRIMBLE, ROBT. McDERMOTT.
Inspector, T. H. LAMONT Treasurer, A. H. THORPE, Secretary-Manager, STRATTON WHITAKER.

FINANCIAL STATEMENT

**RECEIPTS**

| | |
|---|---|
| Balance in Bank, Dec. 31, 1920 | $64,551.96 |
| 1921 Assessments | 194,329.07 |
| Prior Assessments | 20,794.50 |
| Cash Premiums | 16,581.17 |
| Interests on Deposits | 2,423.82 |
| Interests on Bonds | 3,250.00 |
| Reinsurance for Loss Claims | 3,584.19 |
| | $305,514.71 |

**EXPENDITURES**

| | |
|---|---|
| Loss Claims | $164,759.11 |
| General Expenses | $64,071.18 |
| Refunds | 454.95 |
| Reinsurance | 11,896.74 |
| Treasurers Bond and Insurance on Building | 102.35 |
| Balance in Bank | 64,230.38 |
| | $305,514.71 |

**ASSETS**

| | |
|---|---|
| Bal. of Prem. Notes, Dec. 31, 1921 | $948,900.83 |
| Cash in Bank | 64,230.38 |
| Dominion War Loan | 60,000.00 |
| Manitoba Farm Loans | 10,000.00 |
| 1921 Assessment Unpaid | 36,718.48 |
| Accrued Interest | 749.74 |
| Office Building, Site and Furniture, After Allowing for depreciation | 14,600.00 |
| | $1,135,199.43 |

**LIABILITIES**

| | |
|---|---|
| Reserve for Cash Premiums | $ 12,160.50 |
| Reinsurance Prem. Note Unassessed | 59,466.71 |
| Balance of Assets over Liabilities | 1,063,577.22 |
| | $1,135,199.43 |

AUDITOR'S REPORT

734 Somerset Block, Winnipeg, Man.
Jan. 11, 1922.

To the President and Directors,
Portage-la-Prairie Farmers' Mutual Fire Insurance Co.
Portage-la-Prairie, Man.

Gentlemen: I beg to advise having audited the books of the Company continually throughout the year.

The Bonds held by the Company have been verified and are in the Company's vault. The accompanying statements agree with the books of the Company, and I certify same to be correct.

Yours respectfully,
C. D. COURBOULD,
Chartered Accountant.

INSURANCE WRITTEN DURING 1921........$26,207,317.00
INCREASE FOR THE YEAR........$7,318,425.00
TOTAL AMOUNT BUSINESS IN FORCE......$70,472,332.00

This Company does not belong to any combine of Mutual Companies, but is a member of an Association of Mutual Companies formed for the specific purpose of promoting the interests of Fire Prevention.

# BRIGHT OUTLOOK "NEWS" DEMAND IN CURRENT YEAR

### Circulation of Large Papers Higher and Advertising Little Less

### CONSUMPTION 97%

### Actual Amount used In 1921 Close to 1920—Figures of Production, Shipment, Etc.

**From Our Own Correspondent**

MONTREAL.—Reference has already been made in these columns to an improved feeling among newsprint manufacturers as to the outlook for 1922. Several of the mills report orders covering the first six months of this year which will make it necessary for their plants to run close to capacity. In a report issued by the Newsprint Service Bureau, which combines Canadian and United States mills, it is stated that "consumption of newsprint steadily increased during the latter part of 1921." At the end of August there was a decrease for the year to date of 5 per cent., at the end of September 4 per cent., and at the end of November the production was within 3 per cent. of the previous year. Consumption during December was greater than in any other month of 1921 and publishers' stocks at the end of the year were 40,000 tons or 17 per cent. less than on December 31, 1920. It is pointed out further that there was a net decrease of only twenty papers in 1920 as compared with the previous year, there being 1206 new publications started and 1226 suspensions and consolidations. About 7 per cent. of the total number of publications listed, that is 22,353, are produced in Canada.

It is also interesting to note that English language dailies increased nearly 300,000 copies of circulation from April 1 to October 1, 1921, and that the circulation is now higher than the peak of the war in 1918. The total circulation for the six months ending October 1, 1920 was 28,875,490 copies.

Another point that bears on the demand for newsprint very closely is the extent to which advertising has been maintained in the leading daily papers. Figures show that during the past year there was a decrease of only 9 per cent. from the peak year of 1920 in 23 of the leading cities of the country. Periodicals, on the other hand, fell over 38 per cent. As bearing on the better demand in the latter part of 1921, which is continuing during the present year so far, is the fact that advertising in the newspapers which in February 1921, and August 1921, was 14 per cent. below the corresponding period of 1920, fell down only 6 per cent. in November and 3 per cent. in December as compared with the previous year.

An estimate of the prospects in advertising in newspapers for 1922 stated that while national advertising fell off considerably, local advertising increased during 1921, the latter representing about 75 per cent. of the total and national advertising some 25 per cent. It is expected that national advertisers will show a considerable increase in newspaper advertising for 1922.

The following figures show the production, shipments and stocks of newsprint on hand for the past two years:

NEWSPRINT TONNAGE—1921 and 1920.

| Production, tons | 1921 | 1920 | Dec. |
|---|---|---|---|
| Canada ....... | 812,860 | 883,215 | 8% |
| United States . . | 1,225,235 | 1,511,968 | 19% |
| Total or average | 2,038,095 | 2,395,183 | 15% |
| Shipments | 1921 | 1920 | Dec. |
| Canada . . ..... | 808,109 | 878,999 | 8% |
| United States ... | 1,226,064 | 1,502,574 | 18% |
| Total or average | 2,034,173 | 2,381,673 | 15% |

### BAD MEDICINE

(The Cobalt Nugget)

The gist of opinion throughout the mining districts of Northern Ontario is that the proposed blue sky legislation for Ontario is calculated to create additional legal complications in connection with the promotion of stock companies and the development of new mines.

There seems to be a general belief that Attorney-General Raney is sincere in his desire to protect speculators, but the consensus of opinion seems to be that the Attorney-General is attacking the problem in the wrong way.

Enforce the existing laws against misrepresentation and it will be quite unnecessary to confuse the mind of the layman by a further multiplicity of legal phrases.

Blue sky legislation might do considerable harm at this stage of development in the mining districts of Northern Ontario. The idea may appeal to the fancy of a few people, but, really Mr. Raney the North Country would rather not take any "Beauty Powders."

### HERCULES RUBBER COMPANY

There has been a marked improvement in the affairs of the Hercules Rubber Company of Brampton, which went into liquidation over a year ago. The factory has recently been running day and night in the interests of the Union Bank and other creditors. The results have been so favorable that there are many shareholders who think the business should continue and at a meeting held last week a committee was appointed to consider the advisability of repurchasing the assets. This committee will report to another meeting to be held on the 25 inst.

## Values of Unlisted Stocks

The Department of Insurance at Ottawa has issued a most comprehensive list of Canadian securities, with the market value at December 31, last. While the values given are to guide insurance, trust and loan companies in valuating their holdings and do not in every case represent actual market prices they will be useful to guide individual investors in valuating their lists of securities.

A few securities are given below:

| | | | Market Values Dec. 31, 1921. |
|---|---|---|---|
| Algoma Steel ............... | 5 | 1962 | 46 |
| American Sales Book ........ | 6 | 1927 | 97 |
| Ames-Holden-McCready ...... | 6 | 1946 | 97 |
| Ames-Holden Tire ........... | 7 | 1939 | 75 |
| Asbestos .................. | 5 | 1942 | 78 |
| Ashdown Hardware ......... | 5 | 1928 | 87 |
| Brandam-Henderson ......... | 6 | 1936 | 91 |
| British Columbia Cement .... | 6 | 1939 | 75 |
| British Columbia Telephone .. | 4½ | 1918 | 62 |
| Burns, P. .................. | 6 | 1931 | 97 |
| Calgary Power ............. | 5 | 1940 | 75 |
| Canada Starch ............. | 6 | 1930 | 91 |
| Canada Steamship .......... | 5 | 1943 | 70 |
| Canadian Light & Power .... | 5 | 1949 | 65 |
| Canadian Locomtive ......... | 6 | 1951 | 87 |
| Canadian Salt .............. | 7 | 1941 | 94 |
| Can. Western Natural .... | | | |
| Gas, Light Heat & Power .. | 5 | 1936 | 39 |
| Cedars Rapids Mfg. ......... | 5 | 1953 | 93 |
| City Gas, London, Ont. ...... | 6 | 1927 | 92 |
| Dominion Glass ............. | 6 | 1933 | 100 |
| Dryden Paper .............. | 6 | 1945 | 85 |
| Dunlop Tire ................ | 6 | 1927 | 94 |
| Eastern Car ............... | 6 | 1952 | 81 |
| Electrical Development ...... | 5 | 1933 | 96 |
| Gordon Ironsides & Fares .... | 6 | 1927 | 50 |
| Harris Abattoir ............. | 6 | 1928 | 94 |
| International Milling ........ | 6 | 1930 | 92 |
| Kaministiquia Power ...... | 5 | 1927 | 85 |
| Kaministiquia Pulp & Paper | 7 | 1935 | 50 |
| McCormick Mfg. ............ | 6½ | 1940 | 86 |
| Mattagami Pulp & Paper .... | 6 | 1937 | 50 |
| Montreal Water & Power .... | 4½ | 1932 | 84 |
| Ontario Power .............. | 5 | 1943 | 96 |
| Ottawa Electric ............ | 5 | 1933 | 86 |
| Ottawa Light Heat & Power | 8 | 1940 | 105 |
| Rea, A. E. .................. | 5 | 1931 | 84 |
| Rogers Wm. A. .............. | 6 | 1925 | 97 |
| First Mortgage ............. | 6 | 1926 | 97 |
| Rolland Paper Co. .......... | 6 | 1937 | 90 |
| Sao Paulo Electric ......... | 5 | 1962 | 59 |
| Simpson Robt. .............. | 6 | 1928 | 93 |
| Western Can. Flour Mills .... | 6 | 1931 | 93 |
| Western Power ............ | 5 | 1949 | 75 |
| Western Quebec Power ...... | 6½ | 1931 | 91 |
| West Kootenay Power & Light .................... | 6 | 1940 | 89 |

PREFERRED STOCKS

| | Market Value Dec. 31, 1921 |
|---|---|
| Can. Machinery Corp., Ltd., Galt, Ont... | 47 |
| Can. Oil Co. Ltd., Toronto, Ont. ........ | 85 |
| Can. Woollens, Ltd., Peterboro Ont. .... | 65 |
| International Milling Co., New Prague, Min. ........................ | 84 |
| Loew's Hamilton Theatres, Ltd. Hamilton, Ont. ..................... | 63 |
| Marcus Loew's Theatres, Toronto Ont. | 63 |
| Maritime Telegraph and Telephone Co., Ltd., Halifax, N. S., 6 p. c. .......... | 95 |
| Monterey Railway, Light & Power Co., 5 per cent. cumulative—No value | |
| Maritime Telegraph and Telephone Co., Ltd. Halifax, N. S., 6 p. c. .......... | 85 |
| Montreal Abbatoirs, Ltd., Montreal. Que., 1st Preference.—No Value. | |
| Montreal W. & P. Co., Montreal, Que. .. | 75 |
| Ogilvie Flour Mills, Co., Ltd., Montreal. Que. ................................. | 105 |
| Prince's, Ltd., Toronto, Ont.—No Value | |
| Western Power Co. of Can., Ltd Montreal, Que. ..................... | 71 |
| Williards Chocolates, Ltd., Toronto, Ont. | 88 |
| Woods Manufacturing Co., Ltd., Montreal, Que. ........................ | 67 |

COMMON STOCKS

| | |
|---|---|
| American Sales Book Co. Toronto ...... | 9 |
| B. C. Permanent Loan Co., Vancouver, B. C. ................................. | 103 |
| B. C. Telephone Co. Ltd., Vancouver B. C. | 80 |
| Can. Landed & National Investment Co., Toronto Ont. ..................... | 138 |
| Can. National Fire Insurance Co., Winnipeg, Man. ......................... | 63 |
| Can. North West Land Co., Toronto Ont. | 45 |
| Canada Trust Co., London, Ont. ........ | 150 |
| Canadian Oil Co., Ltd. Toronto Ont. .... | 63 |
| Capital Trust Corp., Ottawa, Ont. ...... | 100 |
| Davies (William) Co., Inc., Toronto, Class A. .......................... | 25 |
| Davies (William) Co., Inc., Toronto, Class B. .......................... | 15 |
| Dominion Savings & Investment Society London, Ont. .............. | 70 |
| Eastern Trust Co., Halifax, N. S. ...... | 162 |
| Great West Permanent Loan Co., Winipeg, Man. .................... | 43 |
| Hamilton Provident & Loan Society, Hamilton, Ont. ....................... | 135 |
| Hamilton Provident & Loan Society, Hamilton, Ont., 20 p. c. ............. | 110 |
| Home Investment & Savings Ass'n., Winipeg. Man. ..................... | 105 |
| Imperial Trust Co., Winnipeg, Man. .... | 25 |
| Imperial Guarantee & Accident Insurance Co., Toronto, 20 p. c. paid .... | 200 |
| Imperial Life Assurance Co., Toronto, Ont.. 45 p. c. paid. ................ | 194 |
| King Edward Hotel Co., Ltd., Toronto, Ont. ............................... | 71 |
| Loew's Metropolitan (Montreal) Theatres Ltd., Montreal, Que. ............... | 4 |
| Loew's Montreal Theatres, Ltd., Montreal, Que. ........................ | 214 |
| Loew's Hamilton Theatres, Ltd., Hamilton, Ont. ..................... | 40 |
| London & Western Trust Co. .......... | 100 |
| London Loan & Savings Co. of Can.... | 110 |
| Marcus Loew's Theatres, Ltd., Toronto, Ont., .............................. | 40 |
| Maritime Coal, Railway and Power Co.... | 10 |
| Massey Harris Co., Ltd., Toronto, Ont. .. | 73 |
| Monarch Life Assurance Co., Winnipeg, Man. ................................ | 105 |
| Northern Mortgage Co., Winnipeg, Man. | 94 |
| Northern Trusts Co., Winnipeg, Man. .. | 110 |
| N. S. Savings, Loan & Building Society Halifax ............................ | 100 |
| Peoples Loan & Savings Corp., London, Ont. ............................... | 100 |
| Premier Trust Co., London, Ont. ...... | 80 |
| Prince's Ltd., Toronto, Ont.—No Value | |
| Simpson (R.) Co., Ltd., Toronto, Ont. .. | 125 |
| Southern Loan & Savings Co., St. Thomas Ont. ..................... | 100 |
| Sterling Trusts Corp., Toronto, Ont. .... | 50 |
| Western Canada Flour Mills, Ltd., Toronto, Ont. ..................... | 115 |
| Western Power Co. of Canada, Ltd., Montreal, Que. ..................... | 35 |
| Whalen Pulp and Paper Mills, Ltd.,.... Vancouver, B. C. ..................... | 5 |

# COLONIAL LOAN DIVIDEND UNEARNED

### But Usual Six Per Cent. Was Paid on the Revised Capital Basis

With its capitalization cut in half, the regular 6 per cent. dividend of the Colonial Investment & Loan Co., for 1921, took only $75,073 as compared with $129,426 in 1920 and $147,485 in 1919. Profits, however, reflected the conditions which have been prevailing in the loan field and were only $69,425; the balance was reduced from $43,634 to $37,986. For 1920 the profits amounted to $168,991 but this included $76,856 profit from sterling exchange on retirement of debentures. In 1919 the profits were $136,433. Following are the comparative figures of the profit and loss account for the past three years:

| | 1921 | 1920 | 1919 |
|---|---|---|---|
| Profits ..... | $69,425 | *$168,991 | $136,433 |
| Trans. reserve | ..... | ..... | 50,000 |
| Bal. forward | 43,634 | 16,161 | 27,213 |
| | $113,059 | $185,152 | $213,646 |
| Dividends .. | $75,073 | $129,426 | $147,485 |
| Int. on pref. | ..... | 12,092 | ..... |
| Reserve .... | ..... | ..... | 50,000 |
| Balance .... | 37,986 | 43,634 | 16,161 |
| | $113,059 | $185,152 | $213,646 |

*Includes $76,856 profit from sterling exchange on retirement of debentures.

The readjustment of the capital account of the company is indicated in the following summary of the company's earnings record:

| Year | Paid-up Capital | Profits | Div. | % on Cap. | Earn. Rate |
|---|---|---|---|---|---|
| 1921 | $1,251,382 | $ 69,425 | 6 | 5.5 | 4.1 |
| 1920 | 1,250,926 | 168,991 | 6 | 7.8 | 6.2 |
| 1919 | 2,458,421 | 136,433 | 6 | 5.6 | 4.7 |
| 1918 | 2,456,402 | 156,133 | 6 | 6.5 | 5.6 |
| 1917 | 2,455,375 | 155,879 | 6 | 6.5 | 5.5 |
| 1916 | 2,453,995 | 167,066 | 6 | 7.0 | 6.0 |
| 1915 | 2,452,868 | 196,923 | 5 | 8.0 | 7.9 |

The balance sheet shows a reduction of total assets from $2,044,167 to $1,747,448. The company is operating to a very large extent on capital and reserves the liabilities to the shareholders being $1,735,057 as compared with $12,391 liabilities to the public. During the year the permanent preference stock redeemed under by-law No. 8 was paid off with the exception of $37,153 representing certificates which have not been presented. The statement of assets shows that holdings of bonds and stocks have been somewhat reduced as well as mortgages and agreements for sale while there was an increase in real estate held and loans on stocks and bonds. Cash at $46,100 showed an increase of nearly $10,000.

### NIAGARA FALLS POWER

Consolidated income account of Niagara Falls Power Company and Canadian Niagara Power Company for year ended December 31, 1921, shows surplus, after taxes and charges, of $1,965,795, as compared with $2,241,148 in 1920.

Consolidated income account for the year 1921 compares as follows:

| | 1921 | 1920 |
|---|---|---|
| Total operating rev.. | $6,883,713 | $6,031,951 |
| Net aft. tax & amor. | 3,696,986 | 3,679,927 |
| Total income .. ... | 4,009,844 | 3,997,801 |
| Surplus after Gov't, tax and charges.. | 1,965,795 | 2,241,148 |

# PACKERS SUSTAINED VERY HEAVY LOSSES

### The "Big Five" Suffered Declines In Business As Much As 40 Per Cent

The big American packing companies have been through two dismaying years of terrific losses. As a group they have suffered from the effects of after-war deflation in equally as keen a degree as the leather, sugar and fertilizer industries. The annual reports of four of the "Big Five" packers have been made public and reveal 1921 as even a worse year than 1920.

Sales of the two largest packers, Swift and Armour, dropped off $300,000,000 each, or 27% in the case of Swift and 33% for Armour, while Cudahy in its drop from $288,800,000 to $173,700,000 lost 40% of its 1920 trade. Morris and Wilson do not report their sales, but it is safe to say that their drop in turnover was equally drastic. The chief cause of the decline of dollars was the fall in meat and meat products' prices, the average selling price of beef in four largest cities, for instance, as reported by Swift & Co., dropping off $3.61 a hundred pounds from the 1920 average. Though sales measured by dollars dropped off from 27% to 40%, volume or tonnage decrease was only 6% to 7%.

By-product profits usually average enough to pay plant expenses, but the losses in these departments in 1921 were enormous. Armour, for instance lost $8,250,000 alone in its fertilizer works and large sums in its tannery, canned fruit and vegetable departments.

Of all the packing concerns, Armour & Co. sustained the severest losses, due in part to agreement with the government that it would discontinue its fruit and vegetable lines. Its loss of $31,709,818 is $20,000,000 greater than that of Morris & Co., which showed the second largest deficit. Swift follows with loss of $7,812,291, Cudahy with loss of $1,569,563 and Allied Packers with loss of $699,943. Morris and Allied Packers were the only two that showed deficits for two consecutive years.

WITHIN

the last few years the business world seems to have discovered that Life Insurance can be made just as useful in the protection of business as in protecting the home.

The Great-West Life is writing a very large "Commercial" Business.

The business is in itself a strong endorsement. It involves the strictest scrutiny—the most careful weighing of Policy conditions.

For THE BEST available in Life Insurance, Corporations and individuals can find no Policies to equal those of

**The Great-West Life Assurance Co.**

*Dept. "G"*

Head Office: Winnipeg

MERCANTILE TRUST COMPANY
of CANADA Limited
HAMILTON ONTARIO
CAPITAL PAID UP $500,000
BOARD OF DIRECTORS
PRESIDENT
CYRUS A. BIRGE
VICE-PRESIDENTS
MAJOR HENRY L. ROBERTS, Grimsby. JAMES TURNBULL, Toronto
DIRECTORS
C. C. DALTON, Toronto
A. E. DYMENT, Toronto
J. J. GREENE
THOS. C. HASLETT, K.C.
SIR JOHN S. HENDRIE, K.C.M.G.
J. P. KAVANAGH
COL. JOHN I. McLAREN
LT.-COL. W. H. MERRITT, St. Catharines
MAJ.-GEN. THE HON. S. C. MEWBURN
STANLEY MILLS
C. S. WILCOX
W. A. WOOD
MANAGER
S. C. MACDONALD

OSLER, HAMMOND & NANTON
WINNIPEG

Stock Brokers and Financial Agents
Insurance Mortgage Loans
Real Estate

Ford
TRUCK
The Load?

YOU intend buying a truck. You have a varying quantity and weight to move from one place to another in each working day.

Can you transport the necessary quantity daily in one-ton loads? If so, you should buy a Ford One-Ton Truck rather than a heavier truck

*Because:*

(1) The first cost of a heavier truck is at least three times that of a Ford One-Ton Truck.

(2) A heavier truck demands the employment of a more expert and consequently a higher paid driver.

(3) The operating cost of a Ford One-Ton Truck is only a fraction of that of the heavier truck.

(4) Service—which is so essential in the operation of commercial vehicles—is always available "round the corner" when you own a Ford Truck.

Call up the nearest Ford dealer, he can prove these statements by cold hard figures from the experience of others.

Dealers are now able to make delivery of the Ford Truck Chassis equipped with standard Stake, Express or Canopy Top body.

**Stake Body**
Platform—97" x 64½" inside measure; racks—24" high with four slats running all around platform. Sign board 21" x 29" on each side of racks. Stakes and racks solid hardwood; cab has full length doors and double-ventilating windshield.

**Express Body**
94" x 57" inside measure; panels 13" high inside with 7" flare board; rear end gate hinged and chain fasteners. Heavy malleable braces on panels and flare boards; stringers, panels, etc., hardwood. Cab—full length doors and double ventilating windshield; drop windows in doors.

**Canopy Top Body**
96" x 46" inside measure; panels 14" high, flare board 5½" high; top of roof from floor 58", drop tail gate, with chain and hinges. Top is removable; side rear and driver's storm curtains with Paralyn lights; full ventilating windshield.

Ford Motor Company of Canada, Limited, Ford, Ontario
109

# CANADA CEMENT CO. LIMITED

## Consolidated Balance Sheet, December 31st, 1921

### ASSETS

| | | | | |
|---|---|---|---|---|
| **Property Account:** | | | | |
| Land, Buildings, Plant, Equipment, etc., at original cost with subsequent additions, less Depreciation to date | | | $27,678,760.18 | |
| Cost of Land and Contracts let for Construction of Canada Cement Company Building, Phillips Square, Montreal | | $1,877,376.95 | | |
| Deduct: Payments not yet due | | 623,984.95 | | |
| | | | 1,253,392.00 | |
| | | | | $28,932,152.18 |
| **Investments:** | | | | |
| Bonds | | | $1,165,680.22 | |
| Stock held in, and advances to Other Companies | | | 1,182,761.34 | |
| | | | | 2,348,441.56 |
| **Current Assets:** | | | | |
| Inventories | | | $3,293,865.06 | |
| Accounts Receivable (less Bad Debts Reserve) | | | 456,152.68 | |
| Bills Receivable | | | 15,301.44 | |
| Deposit on Tenders | | | 57,337.50 | |
| Cash | | | 27,227.72 | |
| | | | | 3,849,884.40 |
| **Deferred Charges to Operations** | | | | 52,305.15 |
| | | | | $35,182,783.29 |

### LIABILITIES

| | | | | |
|---|---|---|---|---|
| **Capital Stock:** | | | | |
| Authorized: | | | | |
| Preference—110,000 Shares 7% Cumulative of $100.00 each | | | $11,000,000.00 | |
| Ordinary—190,000 Shares of $100.00 each | | | 19,000,000.00 | |
| | | | $30,000,000.00 | |
| Issued: | | | | |
| Preference—105,000 Shares 7% Cumulative of $100.00 each | | | $10,500,000.00 | |
| Ordinary—135,000 Shares of $100.00 each | | | 13,500,000.00 | |
| | | | | $24,000,000.00 |
| **First Mortgage Six Per Cent. Twenty-Year Gold Bonds:** | | | | |
| Authorized and Issued | | | $8,000,000.00 | |
| Less: Redeemed through Sinking Fund | | | 1,926,919.89 | |
| | | | | 6,073,080.11 |
| **Current Liabilities:** | | | | |
| Accounts Payable | | | $955,038.37 | |
| Bank Loans (Secured under Section 88 of the Bank Act) | | | 675,000.00 | |
| Bond Interest Accrued at December 31, 1921 | | | 91,096.20 | |
| Preferred Dividend No. 48 Payable February 16, 1922 | | | 183,750.00 | |
| Ordinary Dividend No. 23 of 1½% paid January 16, 1922 | | | 202,500.00 | |
| | | | | 2,107,384.57 |
| **Reserves:** | | | | |
| Fire Insurance | | | $1,310,813.02 | |
| Extraordinary Repairs and Renewals | | | 300,000.00 | |
| Cotton Sacks outstanding | | | 150,000.00 | |
| Industrial Accidents | | | 65,500.00 | |
| Contingent Reserve (a portion of which is available for unpaid Government Taxes) | | | 561,965.51 | |
| | | | | 2,388,278.53 |
| **Surplus:** | | | | |
| Balance December 31, 1920 | | | $898,970.49 | |
| Income from Operations and Investments for the year 1921 | | $2,636,460.84 | | |
| Deduct: | | | | |
| Depreciation | $815,529.86 | | | |
| Bond Interest | 376,684.14 | | | |
| Fire Insurance (Transfer to Reserve Account) | 159,177.25 | | | |
| Reserve for Extraordinary Repairs and Renewals | 25,000.00 | | | |
| | | 1,376,391.25 | | |
| | | | 1,260,069.59 | |
| | | | $2,159,040.08 | |
| Deduct: DIVIDENDS— | | | | |
| On Preferred Stock | | $735,000.00 | | |
| On Ordinary Stock | | 810,000.00 | | |
| | | | 1,545,000.00 | |
| | | | | 614,040.08 |
| | | | | $35,182,783.29 |

**Auditors' Report to the Shareholders:**

We have examined the Books and Accounts of the Canada Cement Company, Limited, for the year ending December 31st, 1921, and have obtained all the information and explanations which we required; and we certify that in our opinion the above Balance Sheet at December 31st, 1921, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

PRICE, WATERHOUSE & CO., Auditors.
Montreal, January 30th, 1922.

Approved on Behalf of the Board:
F. P. Jones, Director.
H. L. Doble, Director.

Bnod Interest ....... 376,684.14
Preferred Dvidend No. 48 Payable February

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THE CROWN LIFE INSURANCE CO.

# MONEY BANKING AND EXCHANGE

## FARMERS' LOANS BY GOVERNMENT NOT A SUCCESS

### Disappointing Results In Saskatchewan And Manitoba

### COLLECTIONS SLOW

### It Is Evident That People Do Not Take Seriously Their Obligations to Public Treasury

From Our Own Correspondent.

WINNIPEG.—The question of agrarian finance is now before all three of the Western provincial legislatures but as yet no concrete programme has been advanced. "The condition is serious—for the farmers who want to borrow money," to quote the Regina Leader.

Provincial Government experiments in farmer financing up to the present have not been cheering. The figures quoted by the Hon. Mr. Dunning in his budget speech to the Saskatchewan legislature, to show the amount of money owed the Saskatchewan Farm Loan Board on account of unpaid interest on farm loans are described by the Regina Leader as "Disagreeably suggestive." For Manitoba the report of the Farm Loans' Association given to the legislature by the Provincial Treasurer, Hon. Edward Brown, too, reveals the present unhealthy status of Manitoba agrarian industry.

There is a disposition among Winnipeg bankers to believe that the Canadian Bankers' Association will act in concert with the federal government in a pooled credit arrangement for all deserving agriculturists much as was formed for the farming community in the distressed areas of Southern Alberta. "Something must be done so farmers will not be driven from the land," said one banker, here, earnestly.

The Manitoba and Saskatchewan government data will not unfortunately encourage fresh measures of financing in view of the known unbusiness-like performance of assisted farmers in retiring their obligations.

In Saskatchewan, as indicated elsewhere in this issue, the situation is so glaring that the Regina Leader is moved to accuse "that a percentage of the borrowers have failed to play the game squarely with the Saskatchewan Farm Loan Board"—which has been the contention of the FINANCIAL POST that government financed individuals are invariably prone to take undue advantage, that would not be permitted or possible with private enterprises.

Discussing the Western financial impasse a Winnipeg bank executive told THE FINANCIAL POST that if any Canadian bank was prepared to embark upon a policy of indiscriminate loaning at the present time that it could within three months easily double its present loans. The statement made as an illustration of the insistent demand for farm funds, is fully borne out by official data. The Manitoba Farm Loans' Association statement discloses that the Board has received applications for loans aggregating $15,800,000 and that a total of $6,147,650 has been put out since the Board began operations. Of this latter amount $5,633,328 is stated to be outstanding. In Saskatchewan over 11,000 applications for loans have been received aggregating $27,196,000 and $8,500,000 has been extended.

Discussing the situation in Saskatchewan, the Regina Leader says: 'To-day the Board could place loans to the amount of almost $20,000,000, if it had the money.

### WEEKLY BANK CLEARINGS

(In comparison with same week last year)

| Eastern Cities | Feb. 1922 | Change | % |
|---|---|---|---|
| Montreal | 89,758,513 | —19,268,808 | 17.6 |
| Ottawa | 6,721,709 | —917,384 | 12.0 |
| Hamilton | 4,943,345 | —380,186 | 7.14 |
| Halifax | 3,118,124 | —517,393 | 14.2 |
| St. John | 2,566,542 | 72,369 | 2.0 |
| Windsor | 2,929,261 | +110,921 | 3.9 |
| Brantford | 1,028,095 | —78,831 | 7.1 |
| Sherbrooke | 805,046 | —144,494 | 16.2 |
| Kitchener | 960,778 | +163,643 | 20.5 |
| Moncton | 971,702 | —176,782 | 14.3 |
| Peterboro' | 621,831 | —171,591 | 21.6 |
| London | 2,803,800 | —379,777 | 11.9 |
| Toronto | $89,304,871 | —$16,823,253 | 15.05 |
| Total East | $206,553,617 | $37,756,599 | 15.4 |
| Kingston | 690,130 | ... | |

| Western Cities | Feb. 9, 1922. | Change | % |
|---|---|---|---|
| Winnipeg | $43,465,157 | —604,004 | 1.3 |
| Vancouver | 13,188,426 | —564,899 | 4.1 |
| Calgary | 4,882,447 | —1,271,211 | 20.6 |
| Edmonton | 4,810,919 | +197,536 | 4.2 |
| Regina | 2,715,610 | —784,37 | 22.4 |
| Victoria | 2,015,744 | —395,836 | 16.4 |
| Saskatoon | 1,576,032 | —175,456 | 10.0 |
| Moose Jaw | 1,040,607 | —232,399 | 18.2 |
| Ft. William | 725,462 | —264,837 | 26.7 |
| Lethbridge | 457,181 | —113,394 | 19.8 |
| N. West'ster | 517,743 | —29,495 | 10.2 |
| Brandon | 557,616 | —70,670 | 11.2 |
| Med. Hat | 295,143 | —145,729 | 33.1 |
| Pr. Albert | 307,960 | —1,822 | .5 |
| Total West | $76,556,047 | —$4,456,853 | 5.5 |
| Grand total | $283,109,664 | —$42,213,452 | 8.0 |
| Yr. to date | $1,857,595,223 | —$212,004,323 | 10.2 |

## Better Marketing Of Butter Is Now Necessary

From Our Own Correspondent.

REGINA.—The serious position of the dairying industry was illustrated at the convention of Saskatchewan Dairymen's Association, when price conditions were under review. Dairy butter—the product made on the farm, is quoted at from 10 to 15 cents per pound. Creamery butter on the other hand, sells from two to three times this price.

In regard to market conditions it was pointed that prairie dairymen paid relatively the same to land products in Toronto and Montreal as do New Zealand and Australian producers. The latter countries were favored by exceedingly low ocean freight rates.

## STERLING EXCHANGE REMAINS STEADY

Sterling exchange remained fairly steady throughout the week, with only small fluctuations between 4.35 and the high of 4.36½ of last week. As international exchange is the barometer of a country's credit, it speaks highly of the betterment of Britain's financial position. Other continental exchanges reacted also from the dropped below 4, which is the lowest high of last week. New York funds rate reached in more than two years.

### NEW YORK FUNDS

Feb. 9—Market steady throughout the day, selling at 4⅛ to 4 9-16.

Feb. 10—Opened at 4½, closing at 4 7-16 to 4½.

Feb. 12—Funds went below 4½, closing at 4 7-16 to 4½ unchanged.

Feb. 13—Steady and dull at 4 7-16 to 4½.

Feb. 14—Market opened unchanged at 4 7-16, closing at 4⅜ to 4⅝ down ⅛ cent.

Feb. 15—Marked weakness during day. Opened at 4¼, closing at 3 27-32 to 3 29-32.

### Sterling and Francs

| | Sterling | | Francs | |
|---|---|---|---|---|
| | Demand | Cables | Demand | Cables |
| Feb. 9 | $4.35½ | $4.36¼ | 11.54 | 11.56 |
| Feb. 10 | 4.33¼ | 4.34 | 11.56 | 11.56 |
| Feb. 12 | 4.33⅝ | 4.34⅛ | 11.73 | 11.75 |
| Feb. 13 | 4.34⅛ | 4.34⅞ | 1171 | 11.73 |
| Feb. 14 | 4.35½ | 4.36¼ | 11.57 | 11.59 |
| Feb. 15 | 4.35 | 4.35¾ | 11.55 | 11.55 |

## FARM LOAN IDEA NOT SUCCESSFUL IN SASKATCHEWAN

### Hon. C. A. Dunning Admits That Collections Not Being Made

### THE PLAIN FACTS

### Provincial Treasurer Says People Think Government Money Is Anybody's Money

From Our Own Correspondent

REGINA.—It is quite evident that the Saskatchewan Farm Loan Board, established in 1918, is not proving a financial success. The provincial treasurer, in his speech on the budget, calls attention to the fact that since the inception of the board, the yearly totals of unpaid interest due from farmers receiving loans, are growing larger. According to these figures, at the end of 1918, a few months after the board commenced to operate, collections amounting to 80 per cent. of interest due, was reported. Only 58 per cent. was collected in 1919; 46 per cent. in 1920 and only 37 per cent in 1921. These figures are inclusive of arrears, making them all the more unsatisfactory.

Mr. Dunning stated that the past three years had been trying ones for the agriculturist, but in his speech, he felt justified in using this very plain language:

"If the borrowers, in any large numbers, take the attitude that this money which they have borrowed, need not be repaid or need only be repaid whenever the borrower likes because it is government money, that attitude will kill the scheme and compel the legislature to restrict its operations. I cannot say that this attitude is general. There is no doubt however, that generally speaking, the board is not paid first, but is often paid last, provided there is anything left to pay with.

"This is a serious condition, and I, for one, believe that we must go slowly in connection with the work of the board, even when we do get into a position to finance farming interests better than at present and until it is clear to all of the great borrowers that this scheme can only be made to go successfully when the borrower regards his obligations to the board as sacred; all the more sacred because the money belongs to the people of Saskatchewan."

The seriousness of the situation may be gauged from the fact that over 11,000 applications for loans are now before the Farm Loan Board; calling for a total of $27,196,000. Over eight and one half millions of dollars has already been loaned.

The position of affairs excited by the condition described is that the government continues to pay interest to farm loan debenture holders, while at the same time it fails to collect from those incurring the obligations. Investors, it is feared will withdraw their support if they feel that interest and capital repayments to the board are not certain.

## BANK BRANCHES OPENED IN JANUARY

### Eleven New Branches Opened And Fifteen Are Closed

During the month of January the Canadian chartered banks opened eleven new branches in various parts of the Dominion, and for the same period closed fifteen branches. The Bank of Hochelaga and Provinciale opened three branches each, all being situated in the province of Quebec. The Commerce opened two branches and the Home, Nova Scotia and Royal one branch each. Of the fifteen branches closed five were by the Royal and Commerce three. Following is a list of the branches opened and closed during the month:

**Opened**

Commerce—Lansdowne and Wallace Aves., Toronto; Wallaceburg, Ont.

Hochelaga—Crabtree Mills, Que.; St. Theodore de Chertsey, Que.; St. Mathieu de Laprairie, Que.

Home—London, Ont. (Market Branch).

Nova Scotia—Calumet, Que.

Provinciale—S. Euphemie; Hull; Montreal, 97 Boulevard Monk, Que.

Royal—Renfrew, Ont.

**Closed**

Commerce—St. Jacques, Que.; Irricana, Alta.; Squamish, B.C.

Dominion—St. Boniface, Man.

Hamilton—Rosenfeld, Man.

Home—Battrum (sub. to Cabri).

Imperial—Ramore (sub. to Matheson); St. Jovite, Que.

Molsons—Lethbridge.

Nova Scotia—Main St., Winnipeg.

Royal—Copetown, Ont. (sub.); Greenfield Park, Que. (sub.); Wellington, P.E.I.; Waldeck, Sask.; Zelma, Sask. (sub.).

Call the Office Boy!

Perhaps He Knows!

—From The Financial Post, January 20 issue.

Montreal.—The chief figures in the Merchants Bank affair gave their evidence during the past week in so far as the relations of the bank to the firm of Thornton Davidson & Co. are concerned; the president of the bank, Sir Montagu Allan; the general manager, D. C. Macarow; and the manager of the local branch—from which the loans to Thornton Davidson & Co. start primarily, according to the usual custom—J. D. Kippen.

Most of the evidence may amaze readers, chiefly at the lack of knowledge of what many would consider vital points. THE FINANCIAL POST reproduces below verbatim questions and answers, taken from the official stenographic report of the proceedings in the police court, in the trial of Colin D. Cameron, a partner in Thornton Davidson & Co., for the theft of $500,000 from the firm. The reading of the evidence should be taken in conjunction with the following facts among others:

The evidence shows that the Merchants Bank allowed Cameron an overdraft of over $700,000.

Also that during 1919 and 1920 prior to the failure of the brokerage firm he withdrew from the firm's account with the Merchants Bank and deposited to his personal account a sum of "something like $570,000."

Also that an audit of the firm about the end of 1919 showed that it was insolvent.

Likewise that it had an overdraft of over $2,000,000 with the Merchants Bank, and that later on this was increased to over $3,000,000.

Also that the failure of the firm is understood to have caused a loss of something like $4,000,000 to the Merchants Bank.

*Are You Interested in the Merchants Bank Situation?*

If the president of the bank, the general manager, and the local manager, did not know, on whom could the defenceless shareholders depend?

The evidence is given in the order in which the officials of the bank appeared as witnesses in the police court in the case against Cameron. Fortunately it is rare in the history of the chartered banks of Canada.

If, as a shareholder, or a citizen, you are concerned, you will appreciate the attitude of THE FINANCIAL POST—an attitude of inquiry; of presenting all relevant information fairly and fearlessly.

*Here are a Few Headings Indicating Recent Articles.*

MERCHANTS OFFICIALS GET FROM UNDER.
THE SHAREHOLDERS SHOULD DEMAND AN INVESTIGATION.
THE PUBLIC AND THE BANKS.
NO "PUBLIC BE DAMNED" POLICY.
RESPONSIBILITY OF AUDITORS.
SIMPLE FAITH OR DUMB FOOLISHNESS?

THE FINANCIAL POST will cover in detail the proceedings at the coming Merchants Bank shareholders' meeting. THE POST realizes this will be only a beginning of developments and our political correspondent will cover all in this connection arising at Ottawa.

You will get in these coming issues a discussion of this bank question written by those who see the situation in its wide aspects—a blunt, but fair presentation.

If you are not now subscribing to THE POST fill in the attached coupon and make sure to get the first possible copy. The Merchants Bank situation just makes this point. Every week THE FINANCIAL POST discusses the big, vital business and financial issues. For such discussions, for its detailed covering of investment news, for its weekly business review, for its service in answering inquiries, you will find THE FINANCIAL POST of great value.

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# NEWS AND VIEWS FOR MANAGERS

## LONG STANDING BANK MYSTERY FINALLY SOLVED

### Through Survey of Institutional Record of Endowment Contributions

### SOME HEAVY LOSSES

### Name of Contributor Leads to Establishment of Train of Circumstances—Responsibility Placed

The scales of justice, according to ancient mythology, are suspended in perfect balance, but justice often moves with leaden feet and despite her evenhandedness may exert herself too late. A bank mystery that created much local interest in Ontario many years ago has been finally cleared up, long after the principals have passed from the scene, and a good name has been cleared of any possible taint of crime. The circumstances attending the affair are of interest.

Several years ago there died in an Ontario town an old man whose life had been the butt of fortune. His prime had been passed in exploration and adventure. Three score years ago, he had traversed the wilderness fastnesses of Labrador, and the north. At length growing tired of roaming he was appointed to the management of a bank in a small city. In some unaccountable manner losses—heavy losses aggregating several thousand of dollars were incurred. The manager had under him only trusted employees. He had not made any rash loans or speculations. But still the money had disappeared. Though innocent he felt the finger of public scorn and condemnation pointing at his head, although his fellow citizens believed that he was as innocent of any crime as he knew himself to be. But notwithstanding he felt he had betrayed his trust and failed in his duty. He made restitution to the full extent of the loss, but in so doing so seriously impaired his own resources that he was never able to recuperate and spent the rest of his days in comparative poverty. Shortly after he retired from the bank, bearing as he felt the stigma of his disgrace—and passing into semi-retirement spent the remainder of his days in seclusion.

#### Proof Inadequate

He no doubt had suspicions, but he had never made any accusations because of the difficulty of obtaining adequate proof. A friend of his boyhood was interested in his case, and long attempted to determine the cause of his losses. It was only recently, some years after the death of his boyhood friend, that he obtained a clue. In checking over the files of a large public institution in Toronto, he came across a list of endowments, and there detected a name which was familiar—the name of a man who had been the trusted associate of his old friend in his early voyages of discovery, and who, he knew by reputation, had always been regarded as a man of extremely limited means. But in the institution's records there was a large amount affixed opposite his name. This was an unusual circumstance which aroused his curiosity. He instituted an investigation, and finally cleared up the mystery.

It came out that the philanthropist, a foreigner, had as a young man been employed by the Hudson's Bay Co., He held a minor position with meagre pay. He eventually fell in with the hero of our tale, won his confidence, and was taken on as a companion in his travels. They journeyed and roughed it together for many months and even years, until eventually the leader decided to return to civilization, where he accepted the sinecure that was offered him. It developed that later he took on his staff his partner of the trail who remained with him four months, removing thence to a neighboring town where he settled in retirement. It was during the four months' regime that the losses were incurred, and it was determined that the penniless adventurer, who died two or three years later, leaving an estate of some thirty or forty thousand dollars, had been freely helping himself to the funds in the bank. He had free access to the vaults and the banker trusting him had not kept watch upon his movements or checked up the accounts until it was too late in his opinion to take action.

No doubt the banker can be charged with inefficiency and carelessness in his business methods, but in any event he shouldered the burden of losses himself. Justice as well as truth will out, but in this case her tardiness brought an old man with sorrow to the grave.

## GENERAL MANAGER RESIGNS

### New Executive Head of Banque Nationale Appointed

At a meeting of the board of directors of the Banque Nationale, Napoleon Lavere, general manager of that institution, handed in his resignation, which was accepted. H. Desrivieres, manager of the Bank of Montreal, St. Roch branch, will succeed Mr. Lavere.

A complete reorganization of the directorate of the Banque Nationale recently took place after rumors had been afloat that the institution was to be merged with another bank.

## BANKING MUST BE ON SOUND BASIS

### Popular Conception of Government Banks Condemns the Scheme to Failure

That there is a wave of popular sentiment in favor of the government of Alberta going into the banking business under a federal charter might be indicated by the press despatches which were sent out from the U.F.A. convention at Calgary recently. However, there are many sound business minds throughout the province who regard the proposed experiment askance in the light of experience in other provinces of Canada and in North Dakota. The following warning is expressed by the Vegreville Observer:

A provincial bank, organized and backed by the government of the province of Alberta, was among the matters favored by the big United Farmers' convention at Calgary last week. The usual banking system received its customary bumps at the convention, there being a feeling evident among the delegates that when a farmer wants money the bank should get it forthwith at his own rate of interest and at his own time for repayment.

Unfortunately, banking cannot be done that way. Generally speaking, the Canadian banks are reasonably lenient with their customers; but it must not be overlooked that a bank's working capital must be "liquid," that is, it simply cannot be tied up in long term loans. For that reason, the banks are supposed never to loan money on real estate security; they do it all right but it is against their rules and when done it is generally a matter of accommodation for customers who have had some slips in their usual business.

We doubt if a provincial bank would be much of a success. Still, the west is venturesome and it might be reasonable enough to try it. A good sport will try almost anything once. In any case the United Farmers can only learn their lesson by experience and a provincial bank conducted on the lines we understand prevailed at Calgary will provide both the experience and the lesson.

## SUGGESTS SPANKING FOR PETTY FRAUDS

### Jail Sentence so Severe that Small Bogus Cheques Are Not Reported

By A. B. Barker
Manager, Toronto Clearing House.

Recently two lads, brothers, were convicted on five charges of fraud and forgery and sentenced to two years apiece, in spite of their mother's appeal. The amounts ranged between ten and twenty dollars and the offences extended over some time. In another case where a cheque for twenty-five dollars with a forged endorsement was passed the father of the culprit stated that his son had got into the habit of passing those cheques, and that to keep the boy out of jail the family purse had been drained. The police say that only a very small percentage of these petty frauds are reported, as many men hesitate to see a man sent to prison for the theft of a few dollars, or will not spend the time from their business to prosecute. Others of course simply use threat of prosecution to make the family come across with the money to avoid the disgrace. The result is that there is an increasing number of men trying to get easy money through petty graft and the forgery of cheques for small amounts. Practically all of the offenders are young men or boys who confidently figure on escaping punishment, either from their family coming forward and paying, or that the victim will not prosecute for the reasons given, and apparently they have gauged the chances correctly. It is quite evident that as a preventative of this sort of thing the present system of punishment is an absolute failure, simply because the general public, when it is put squarely up to them, individually, will not prosecute for a loss of a few dollars when conviction means a jail term for the offender, particularly if he be young.

If, however, the jail sentence for these petty frauds were abolished entirely, and a sound spanking substituted, the great objection to prosecuting offenders would be removed, and the police would be assisted even by the families of the guilty. If on conviction the worst that could happen to a lad was a strapping, which would make it more pleasant for him to stand than sit for an hour or so, a man who had been swindled out of a few dollars would have no hesitation about making a complaint. It would also be a good thing for the boys, as some of them are attracted by the idea that in successfully passing a bogus cheque they have pulled off a smart trick, and the physical discomfort of the strapping will do much to turn their minds in other channels. It would be well worth a trial.

## BIG SHRINKAGE IN BANKING BUSINESS

### Interesting Statement by President Montreal City and District Bank

MONTREAL.—In an address to the shareholders of the Montreal City & District Bank this week, the president, Senator Dandurand, stated that owing to the general industrial depression that had prevailed throughout Canada during the past year it was estimated that there had been a shrinkage in banking business in Canada of about two hundred million. The banks doing business from coast to coast, he declared, had felt this worst; those doing business chiefly in the Province of Quebec had felt it less, and his own bank, whose business was confined to Montreal alone, had felt it least.

The profits of the bank showed a slight increase over the year before, nearly $248,000, out of which there was a surplus of $42,149 to add to that on hand.

**Profit and Loss**

| | 1921 | 1920 |
|---|---|---|
| Net profits for year | $247,958 | $247,286 |
| Dividends and donations | 205,809 | 204,059 |
| P. & L. Surplus | $ 42,149 | $ 43,227 |
| Prev. surplus | 323,449 | 280,222 |

The balance sheet shows an increase in Government bonds of nearly $1,000,000 and in Municipal bonds of about $1,500,000. Call and short loans have increased nearly $2,000,000 and bank premises are up $200,000. Of liabilities to the public it is noteworthy that the bank has been able to increase its deposits from $45,448,000 to $46,214,000 or over $750,000. This is an unusual experience with banks as the tendency has been for some time past for deposits to decline as a result of the decreases in wages and the amount of unemployment.

**Assets**

| | 1921 | 1920 |
|---|---|---|
| Cash | $ 8,090,305 | $ 8,173,365 |
| Dom. and Prov. Govts. bonds | 13,906,393 | 12,941,564 |
| Mun. bonds and debentures | 16,041,178 | 14,570,160 |
| School bonds | 457,988 | 473,158 |
| Other bonds, etc. | 1,527,878 | 1,519,513 |
| Sundry securities | 380,332 | 224,000 |
| Call and short loans | 8,213,853 | 10,151,391 |
| Charity | 180,000 | 180,000 |
| | $48,797,938 | $48,233,050 |
| Bank premises | 1,100,000 | 900,000 |
| Other assets | 93,698 | 129,715 |
| | $49,991,627 | $49,262,765 |

**Liabilities to the Public**

| | 1921 | 1920 |
|---|---|---|
| Amount due— | | |
| Depositors | $46,214,334 | $45,448,298 |
| Rec.-General | 93,585 | 94,243 |
| Char. don. fund. | 180,000 | 180,000 |
| Open Accounts | 289,539 | 368,204 |
| | $46,777,458 | $46,090,745 |

**Liabilities to the Shareholders**

| | 1921 | 1920 |
|---|---|---|
| Capital stock pd up | $1,498,570 | $1,498,570 |
| Reserve fund | 1,350,000 | 1,350,000 |
| Profit and Loss Ac. | 365,598 | 323,449 |
| | $3,214,168 | $3,172,019 |
| Total liabilities | $49,991,626 | $49,262,765 |

## GUARANTY TRUST

### Earnings Well Maintained In Spite Of Many Adverse Circumstances

Despite many adverse circumstances experienced because of light crops and reduced prices for agricultural products the earnings of the Canadian Guaranty Trust Company for 1921 almost equalled those of 1920, and were substantially above those of 1919. The figures for 1921 are $21,063 as compared with $22,667 and $17,761 for 1920 and 1919 respectively. Dividends at 6 per cent. took $16,066 and $5,000 was added to the reserve, leaving a balance of $5,749, or practically the same as the $5,753 shown at the end of 1920. Comparative figures for the three years are as follows:

| | 1921 | 1920 | 1919 |
|---|---|---|---|
| Net profits | $21,063 | $22,667 | $17,761 |
| Bal. forward | 5,753 | 5,611 | 5,129 |
| | $26,816 | $28,278 | $22,890 |
| Dividend | 16,066 | 15,525 | 12,279 |
| Reserve | 5,000 | 5,000 | 5,000 |
| Contingent | ..... | 2,000 | ..... |
| Balance | 5,749 | 5,753 | 5,611 |
| | $26,816 | $28,278 | $22,890 |

The company's business throughout the year showed continued expansion as indicated by the following summary of the various accounts:

| Year | Capital Account | Guar. Account | Estates, Trusts |
|---|---|---|---|
| 1921 | $470,960 | $351,625 | $2,441,214 |
| 1920 | 440,906 | 340,159 | 2,115,889 |
| 1919 | 439,517 | 285,988 | 1,912,806 |
| 1919 | 244,256 | 263,498 | 1,413,851 |
| 1917 | 234,085 | 295,700 | 1,125,637 |
| 1916 | 227,932 | 232,773 | 1,043,973 |

Which Habit are You Cultivating?

**Thrift—**
Savings, security, resources in time of need or opportunity, comfort, plenty, independence.

**Extravagance—**
Lack of means when needed, lost opportunities, worry, privation, dependent old age.

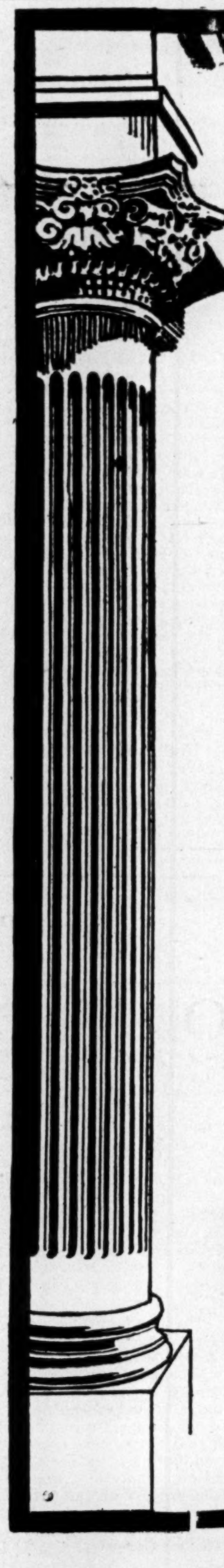
Form the Thrift Habit by opening a savings account in The Bank of Toronto.

100

THE BANK OF TORONTO

Capital, $5,000,000 Reserves, $7,000,000

Thos. F. How,
General Manager



The Leading Life Company of the Dominion

1921
THE MOST PROFITABLE YEAR IN THE HISTORY OF THE COMPANY

*Results for Year Ended 31st December*

| | |
|---|---|
| ASSETS | $129,372,127.33 |
| Increase for year | 14,532,682.85 |
| CASH INCOME | 31,107,149.16 |
| Increase for year | 2,355,570.73 |
| SURPLUS over all liabilities and capital | 10,383,909.10 |
| Increase for year | 2,019,241.95 |
| PROFITS paid or allotted to policyholders | 1,849,089.95 |
| PAYMENTS to Policyholders, Death Claims, etc. | 11,967,069.62 |
| ASSURANCES IN FORCE | 536,718,130.53 |
| Increase for year | 50,076,895.36 |
| NEW ASSURANCES issued and paid for in cash | 90,030,035.66 |

SUN LIFE ASSURANCE COMPANY OF CANADA
HEAD OFFICE MONTREAL

# THE FINANCIAL POST

Members of the Audit Bureau of Circulation

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Vice-President - - - - - - - HORACE T. HUNTER
Manager - - - - - - - - GORDON RUTLEDGE
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A weekly newspaper, presenting in a popular manner reliable information respecting investments and financial affairs in Canada.

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Advertising matter is investigated before publication, and none of known questionable character is accepted. Acceptance of advertising will not deter the editorial department from making such comments as the situation may suggest.

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TORONTO, FEBRUARY 17, 1922.

## FOODS NOT FADS

FRUIT, FLOWER and vegetable growers complain of the lack of proper educational facilities in Canada, and particularly in the Province of Ontario. In the agricultural colleges these departments are very much neglected. Governments say they have no money for this work. Canadians interested in making a living from this field complain that there are few facilities for practical training; few public departments properly manned to aid this great department of agriculture.

This is not a new complaint. For years it has been pointed out. But Governments are impractical and are swayed by faddists. They will give public money to promote ideas of theorists. The height of absurdity was reached in Ontario, to which THE POST drew attention at the time, when Premier Whitney said the province could not afford to give any assistance to agricultural interests at Guelph and immediately after gave $150,000 towards the expenses of a tercentenary circus at Quebec.

To-day the Provinces and the Dominion are spending money on fads—good in their way but not absolutely necessary—and refusing money to the really practical money-producing things like horticulture.

Various governments and public bodies are being urged to-day to make, and are making, new grants for the teaching of things that are not absolutely necessary. With business conditions as they are, grants should be made only for the absolutely necessary things and the teaching of horticulture is one of these.

We bring in millions of dollars worth of fruits and vegetables.

We bought abroad, chiefly in the U. S., last fiscal year over $40,000,000 of fruits, vegetables and nursery stock. Add to this the freight and duty we pay and you will get well over $50,000,000. Some of this big total we cannot grow here but much we can. For example, we can grow the best apples in the world yet last year we bought 273,319 barrels of apples as well as over a million pounds of dried apples from the U. S.; 630,399 pounds fresh apricots, quince, etc., and 686,862 dried; over 30,000,000 lbs. grapes, berries, peaches, plums, pears, etc.; nearly $1,000,000 of nursery stock; $5,000,000 in garden and field seeds.

## THE GOVERNMENT IS PAID LAST

A SUBSCRIBER and interested reader of THE FINANCIAL POST living in Montana jumps to the conclusion that THE FINANCIAL POST is arguing against provincial government banking schemes for fear the existing banks would suffer; also he believes that more banks would create more money and thus solve all the problems of the Western farmers. He says in part:

> "Why is the idea of a bank in Western Canada unendurable to the existing banks, if subject to the same laws? Why compare it with the North Dakota venture, which was not a bank of issue, and which was subject to every possible scheme to wreck it? Why do you not encourage provincial banks as a possible measure to partially relieve the pressure? It is peculiar that while your bank officials offer nothing but most gloomy future prospects you aid them in opposing and ridiculing every proposal of the more intelligent people to work from under the intolerable and impossible conditions."

Let it be said at once that THE FINANCIAL POST will endorse any scheme, financial or otherwise, which will eventually bring material benefits to the Western farmers. It is essential to the prosperity of the country and to all classes in the country that agriculture should be on a profitable basis. But we do not think it can be done by making more money. Russia tried that and now you can buy a good sized bale of roubles for a dollar—in fact if roubles could be eaten the Bolshevist printing presses would have been a real factor in meeting the crisis which Bolshevist doctrines percipitated.

The need of Western Canada is not more money. The banks have greatly increased their credits but they could make further advances readily enough if such advances could be justified. What is needed is an adjustment which will bring a return of justifiable confidence—a reduction of cost of production on the one hand and a stable market on the other which will insure that a reasonably normal crop can be marketed with a fair margin of profit. Where conditions give reasonable assurance that loans can be made on such a business basis there is no shortage of funds. But even the government survey board does not propose to loan recklessly. Credits will only be granted where land has been summer-fallowed and a fair yield is practically assured. With many farmers on the prairies their present plight has been brought about because money has been too easy rather than too hard to secure—they estimated their profits by acreage rather than by yield.

When the government starts into the banking business it means that many unsound loans are made—people imagine that government money is nobody's money and are never in a hurry to repay. This has been the experience in Manitoba and Saskatchewan. Hon. C. A. Dunning, the treasurer of the latter province, states frankly that collections of 58 per cent. in 1919 dropped to 37 per cent. in 1921, inclusive of arrears, and he admits that the board is not paid first but last—if there is anything left to pay with.

Ontario is following the example of Manitoba and Saskatchewan but Alberta's venture appears even more dangerous. A provincial bank is proposed under the Bank Act. The province would have to borrow the actual money to pay for the bank stock and then shoulder double liability in the case of failure—and failure in our opinion would be a foregone conclusion when depositors would be so few and borrowers so many and when the government is paid last—"if there is anything left to pay with."

Government banks which will pay the market rates of interest and make charges which will enable them to pay their way without burdening the tax-payer will not be opposed by the existing banks but they will prove a dangerous venture for the governments which launch them.

## UNFAIR COMPETITION

SOME CONSIDERATION should be given during the coming session of the Federal Parliament to an obviously unfair piece of legislation that exempts Hydro-Electric enterprises that are run in opposition to private companies, from Federal taxation, while the latter are called on to pay heavy taxes. Taking its three types of taxes, Federal, Provincial and Municipal, the Montreal Light, Heat & Power Consolidated is forced to pay out of earnings a total of $800,000 a year. The Ontario Hydro-Electric Commission, which is in very real competition with this company in selling power to industrial users, escapes scot free. In Ottawa the Ottawa Light, Heat & Power Company pays a large sum in taxation each year; the local Hydro, in competition, escapes with a slight real estate tax.

## A BLACK-EYE FOR INDUSTRY

H. D. REID, president of the Reid, Newfoundland Company, makes the announcement that through a contract negotiated with Sir W. G. Armstrong, of Armstrong, Whitworth & Co., seven million dollars of new capital will be brought into Newfoundland for the development of the natural resources of the Humber Valley.

Wonder how much capital Sir Adam Beck could raise in England without the backing of the government. It is one thing to fool the people and another to fool capital. Capital is so afraid of Sir Adam and his legislative influence that it is fighting shy of private enterprise in Ontario. It is this situation which Premier Drury is trying to remedy. Between public ownership legislation and public ownership inefficiency in power development, the Hydro threatens to prove an industrial black-eye for Ontario.

## MORE PLANS FOR SOVIET AID

"THERE is no mistaking the real aim of the grandiose project for the economic reconstruction of Europe to which the Government seem committed," says The London Times. "Since the failure at Prinkipo, the Prime Minister has endeavored by a series of devices to establish closer relations with the Government of Lenin. The scope of the present project makes it plain that its chief object is to provide capital for the country which Bolshevism has plundered and ruined. The process by which it is hoped to accomplish this purpose is somewhat elaborate. But the financial exploitation of Russia has long been a favorite project with international financiers who are citizens of different states, and particularly with certain millionaires of that leading European state, the German Reich."

The rest of the population (England) have never been under any illusion. They have always recognized Bolshevism to be the system of assassination and rapine.

## EDITORIAL NOTES

IT IS BEING contended that the defeat of Hydro by-laws recently in the Niagara district was due to the political activities of the U.F.O. Of course the Hydro never takes any active part in these campaigns.

* * * *

AT ST. THOMAS there is so much dissatisfaction with the losses from public operation of the street railway that there is now a project afoot to scrap the system and install a service with gasoline busses. This should give Sir Adam Beck, the Toronto Globe and other hydro radial enthusiasts something to think about.

* * * *

"THE LABOR BUG on the railroad and the grasshopper in Washington are eating up the farmers and neither the agricultural department nor the numberless commissions and bureaus that make experiments in bugs as well as seeds and chemistry, can or will tell the agricultural bloc where to find the antidote for this bug," observes Barron's Weekly.

* * * *

THE BUSINESS MEN'S associations of Toronto have started a campaign for better street lighting. THE FINANCIAL POST was accused of treason when it was pointed out in these columns that under public ownership Toronto had become one of the worst-lighted cities on the continent. Once more THE POST'S views have been vindicated.

* * * *

THE ONTARIO Department of Agriculture has issued an interesting survey dealing with farm management in the fruit-growing business in the Niagara district. Now for a survey of the facilities to market this same crop, if Hon. Mr. Doherty can get his mind off government banking and other political schemes for a short time to give attention to the practical problems of his department.

* * * *

IN A CARTOON in the Toronto Globe, Sam Hunter depicts public opinion as a little bird which calls "Chippawa-wa-wa-wa" at Premier Drury. One is puzzled as to whether it is intended to indicate that Hydro opinion is to be compared with the chattering of the chicadee or whether it is the song of the Globe robin, which has come to be regarded as much of a joke as a harbinger of Spring as the Globe is as a reflector of public sentiment. However, it is consoling to note that the premier is shown as wearing ear muffs.

* * * *

THE IDEA OF the enforcement of laws against fraud rather than the passing of Blue-Sky Legislation is strongly supported in mining circles where it is pointed out that mining projects always have been, and always will be, highly speculative and that if the government by legislation endeavors to control this speculation it will discourage development. The Cobalt Nugget expresses the opinion that if existing laws against misrepresentation are enforced it will be quite unnecessary to confuse the mind of the layman by a further multiplicity of legal phrases.

# "This One Thing I Do"

## What He Has Accomplished As An Indication Of What May Be Expected of Canada's New High Commissioner

By J. L. RUTLEDGE,
In MacLean's Magazine

P. C. Larkin, who is known as the head of a great business, and who, while a dominant figure in Liberal politics, has never sought political office, now becomes a political figure as Canadian High Commissioner in London.

Mr. Larkin is more than the head of a great business. He is that business. It is made in his image, shaped according to his ideas, and bears everywhere the marks of his maybe dogmatic, but certainly forceful and courageous, personality.

Mr. Larkin was a traveller for a Montreal wholesale grocery house. What sort of a traveller he was we have no record; all we know is that on a certain year that wholesale grocery firm quietly folded its tents and disappeared from the commercial map, leaving Larkin without a job.

With that lost job as a background, that at the time looked to him something like a catastrophe, young Larkin virtually lifted himself by his own bootstraps, until he had created the biggest business of its kind in the Western hemisphere, and made himself a fortune. While making this fortune he also made himself a man of varied interests, wide knowledge and catholic appreciations.

### Refuses to Admit Failure

Not that he did it, but how he did it, is the point of this story. And to give the reason, even the reason that is more or less patent to the casual eye, is a difficult thing without falling back on some trite old copy-book type of phraseology.

Mr. Larkin discovered what he believed to be a need, and he met that need with a commodity that he could and did and does take pride in, and he eternally boosted that product. He thought and talked and dreamed of it, and brought to its merchandizing a real initiative, and a dogmatic confidence in his own opinions, that has cost him some friends in his social life. Above all, he brought courage—an absolute refusal to admit the possibility of failure.

It is well enough to sit back now and think easily of this great business, but it didn't spring full-blown from anything. It was built and the building was not easy.

When Mr. Larkin, as a young traveller, faced the fact that his job had disappeared from under him he certainly did not look on it as a kindly fortune. He hadn't any capital, didn't have until years later. He went to Toronto, and started in the wholesale grocery business on a small scale. It happened that about that time there was a sort of internecine war going on between the wholesale grocers and the sugar refineries. And certain of the wholesalers had so wounded the sensibilities of the refiners that they had been cut off the list and could get no sugar.

Young Larkin, just in the business, and the ink on his name on the wholesale list scarcely dry, bought sugar, and bought it plentifully, and made what in those early days was a comfortable little profit. But everything wasn't sugar, and it didn't take him long to realize that there wasn't much in it. Besides, enthusiasm was one of his outstanding characteristics. He wanted something to be enthusiastic about, and it was difficult to be enthusiastic about all of the thousand and one items of the wholesale grocer's list. But there was one thing, one thing he knew a great deal about, and that was tea. He could visualize something there, could see a chain of responsibility that would stand sponsor for a quality from the tea garden to the tea drinker. That was virtually a new idea, an idea that was worth enthusing about, and so P. C. Larkin drifted into the tea business, with the idea of responsible service always at the back of his mind.

There are plenty of men, even those not intimately associated with Mr. Larkin, who remember back to the thirty-odd years ago when he stepped out on this new trail. Even those who were merely lookers-on from the outside know that there were times when the only reason that Mr. Larkin's idea—for his business in those days was largely an idea—had not proved itself a failure, was that Mr. Larkin himself could not and would not see it. He had even at that time, a profound belief in his own judgment, and in his own views.

One who has known him well for very many years, states that if you converse with Mr. Larkin for any length of time you are absolutely certain to get into an argument. You have either to agree or argue. With Mr. Larkin, a judgment, a decision, an opinion, is not a light thing. It is his judgment or his opinion, and there is no use denying the fact that he looks on it with marked favor for that reason, and will fight for it to the last ditch. It has its faults, this method. It leads to keen friendships and equally keen enmities. But as a business method it was just about what his particular business needed at that particular time. It needed someone to believe in it and fight for it long enough, and enthusiastically enough, to give it a chance. And that is precisely what it got, and that is the main reason it did not share the fate of that lamented Montreal wholesale firm.

### Tooting Its Own Horn

It took time to carry out the idea, the idea of responsibility. But he stuck to it, and as far as it was possible in those early days he did assume responsibility for his product. He put it in packages, and sold it by the package rather than the pound. That wasn't an entirely new idea. Tea was being sold in that way by British houses, but the great volume of sale was in bulk form. There was some ground, too, for Mr. Larkin's contention that there was no responsibility assumed for the quality of the article by the people who knew it best. Of course there were many reputable houses that did assume such responsibility, but there were also a large number who didn't. It was left for Mr. Larkin to both do this and tell the world at large that he was doing it. And that also has been one of the outstanding factors in his success, that when the business had done something of which it was justifiably proud, it did toot loud and long on its own horn until the public as a whole were induced to Stop, Look, Listen—and buy.

Larkin had been playing pretty well a lone hand for some years, building a sound business, but building pretty slowly, when something happened that gave him the very opportunity he needed. The Ceylon Government found that the production of the island was exceeding their existing markets and, looking out for new fields, they thought of Canada. Mr. Mackenzie the representative of this government, coming to Toronto, was introduced to Mr. Larkin, who for all that he was still doing business, in a comparatively small way, had clearly demonstrated that he needed only the opportunity and the necessary capital to step out into bigger things.

This agreement with the Ceylon Government gave him a prestige he had not had heretofore. It was not long after that the Indian Government had adopted a similar policy, and finally the Indian and Ceylon Governments were amalgamated and P. C. Larkin acted for both. It was perhaps his association with this India and Ceylon Association that led him into the American field that has been vastly the most profitable end of his business. The Association wanted a larger market, and between them they decided that the United States was the market. It wasn't a tea-drinking country, but Mr. Larkin figured that he could induce it to become enough to make it a good venture for both. The India and Ceylon Association were ready to spend some money to this end, but they were not ready to spend enough so it became a personal adventure of Mr. Larkin's, with what assistance this Association cared to give.

Again, it looks a simple enough matter to go out and capture the trade, considering it on a basis of the present strong position of the company that Mr. Larkin represents. But it must be remembered that things were not as rosy at the time this decision was made. The venture he anticipated meant either success or failure. If the job he was undertaking proved too big for him, then not only his interests in it, but every last cent that he had gathered so hardly in his Canadian business, would be wiped out as well. It is not so hard to make a decision when there is much to gain and little to lose, but here there was everything to lose, with a possibility of gain based entirely on a man's confident belief in his product and in his ability to make others believe in it as he did. He took that chance and won.

How was it done? As a matter of fact the actual mechanics of this successful venture were simple enough. They were based on the same idea that he had started out with. The idea of responsibility that went right back to the tea gardens, and right forward to the tea drinker, and took charge right along the line, guaranteed every step and made good every error. That was coupled with a persistent and definite policy of telling the public about the product; and it is to be remembered that the effectiveness of advertising was not as generally appreciated in those days as it is now.

At the bottom it was a question of quality. Mr. Larkin himself says he paid moderate attention to other things, but vital attention to the upkeep of quality. "Quality is what makes for success." There are people in the trade who will not go quite as far as Mr. Larkin in his enthusiasm for his product, but there is no one who will question that he gives the quality he advertises.

### How He Picked a Trade Name

There are people who still persist in thinking that there was some mysterious compulsion in the word "Salada" that made for his success. It is, as a matter of fact, as good a selection of nicely-distributed vowels and consonants, with a musical ring to them, as any other. It was as good but no better than many thousands of other words. It lived in obscurity as the name of a certain small Indian tea plantation, without enough force to bring that tea plantation any public attention, until one day Mr. Larkin decreed that you couldn't popularize an idea like India or Ceylon; that you needed a word to tie advertising to, and, looking over a tea book, discovered this little insignificant plantation with a musical name. And the answer to the impression that the word had some mysterious ability to make business is the simple fact that it didn't make the fortune of its original owners, while P. C. Larkin did most successfully use it to make his.

Now Mr. Larkin's company claims to be the biggest tea company on the North or South American continent. It has great warehouses in Toronto, Boston, Montreal and New York, and offices throughout the United States, and in London, England, Colombo, and Bombay. It all started from an idea born only thirty-odd years ago.

Mr. Larkin has built a great business, and an artificer is usually an artificer throughout. The creative impulse is going to touch the man somewhere. Mr. Larkin not only built a business but he built himself, and each development, whether of his business or himself, has been reflected on the other. His business gave him the opportunity and the need to travel, and he has travelled extensively. He has been brought in touch with older civilization, has developed tastes and appreciations and understanding. It wasn't crammed into him in the schools. He got it himself. It is reflected in his business. The great office buildings are probably the most unique on the continent, because they bear the imprint of his personal tastes—carpeted with oriental rugs, with tapestry on the walls, oriental carvings in ebony, teak and sandalwood, with grotesque idols and goddesses, almost priceless works of art; little pieces of cloisonne and jade and lapis lazuli here, there and everywhere, on the desks of the clerks, on the fyling cabinets, everywhere. Mr. Larkin admits that some of his acquaintances call this taste effeminate; he admits it and does not care. Once he was showing a prominent bank official through one of his offices.

"But the cost, man, the cost!" ejaculated the banker.

"Cost nothing!" said Mr. Larkin. "You bankers would spend as much on one of your pillars as we have spent on the whole thing, and it's my idea that this is more worth while."

Mr. Larkin has a reason for his opinion, too. "I don't want my employees to feel that they are coming to a prison, when they come to work. I want them to work in pleasant surroundings. I believe it is better and happier for them, and that means better service for me. I like beautiful things, and I fancy everyone else will like them if they get a chance."

And so through all his offices in all his buildings there is this note of Oriental magnificence. "A bit garish," some people, whose tastes run to the Spartan simplicity of unadorned flat tops, are wont to say. "Clean nutty," say others in the colloquial terms of the day. Supposing you were to admit both charges. Nothing so very terrible, is it? Isn't there something a little worthy of admiration, too, in the picture of a man studying his business not only as an absorbing game, or as a great struggle? Not only as an economic benefit or as a producer of wealth for himself and others, but studying all its outcroppings, knowing the lands from which his products come, and making it a life hobby to know and appreciate their art and culture? "A bit garish," we say, merely because we do not see them in an art gallery; but surely it is something also that he has an almost priceless collection of beautiful objects gathered by himself over a long

(Continued on page 20)

# Tree Planting In Quebec

ONE OF THE outstanding features, from a national standpoint, of the valuable series of meetings in connection with the annual convention of the Canadian Pulp & Paper Assn., were announcements by Hon. Honore Mercier, Minister of Crown Lands and Forests, and G. C. Piche, Chief Forester of the Province of Quebec, of the Government's intention to enact legislation both to preserve and perpetuate the forest wealth of the Province. This will divide itself into two parts. In the one case an effort will be made to estimate how much timber can be cut and still allow natural growth to equal what has been taken away. This would properly apply to wood cut from Crown Lands. The other side of the question would concern a plan the Minister has in mind of tree planting on a scale to equal, tree for tree, the total cut in the Province in any one year of trees cut both on private and Crown Lands. The co-ordination of a policy of cutting regulations and of tree planting would preserve to the Province its present forest wealth, not only bringing it in an increasing revenue from stumpage dues, but also guaranteeing to the pulp and paper industry an adequate supply of pulpwood in the face of rapid depletion of the forests of the United States.

The tree planting policy of the Province contemplates a considerable extension of past activities, and may be taken as a recognition on the part of the Government of the theory that reforestation must in the main rest with a government rather than with a private corporation. It is unreasonable to expect the directors or shareholders of a private company to make heavy expenditures for a return that will not begin before 50 or 60 years in the future. Indeed it is a matter in dispute as to whether the actual outlay made by a private mill would bring a return equal to the expenditure over a period of 50 or 60 years. Governments may be considered as corporations that do not grow old, and whose interests are even more concerned with the future than the present. Any extensive program therefore of tree planting in Canada should in fairness be inaugurated by governments rather than by private corporations. The new policy of the Quebec Government must be viewed as an admirable step in advance.

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# INVESTORS' INQUIRIES

**Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Only questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.**

### MINING CORPORATION

**G. E. Irwin.—Will you kindly give me your opinion on the Mining Corporation shares. I wish to buy a few hundred shares and hold them for three months as a speculation.**

The Mining Corporation of Canada is one of the few silver mining companies paying dividends at the present time, with the depressed market value of silver. The company has not been successful in securing further properties of merit and must depend upon its present holdings which are greatly depreciated. The large dividends being paid at the present time are an indication of strong reserves rather than of prospective earning power.

### LETHBRIDGE NORTHERN'S

**R. H., Nova Scotia—Do you consider Province of Alberta guaranteeing Lethbridge Northern Irrigation District 6 per cent. bonds, due May 1, 1951, at 106¾, as a good risk and would you consider this a favorable time to buy same?**

As a general rule we do not advise the purchase by Canadians of bond payable in New York because the price paid now is usually higher than the yield after the ultimate disappearance of the premium on New York funds, would warrant. It would be better to purchase bonds of Canadian payment only. But if you can buy Lethbridge Northern's at 106¾ the yield is certainly worth while, regardless of the other feature.

### DOMINION GLASS COMMON

**Y., Maisonneuve, Que.—Would like to have your opinion of Dominion Glass common at $56 a share.**

Dominion Glass Common around $56 a share looks like a pretty fair speculative investment. There is necessarily a large speculative element in nearly every common stock of an industrial concern. Usually the payment of the common dividend depends on current earnings where a surplus might protect a preferred stock. The Company has done well for some years past and is in a strong financial position. It seems reasonable to believe that they will continue to pay their common dividends which was increased last year from 4 to 6 per cent. although further increases for some time will probably be delayed by the unfavorable business conditions through which we are now passing. At present prices this stock will give you a return of nearly 11 per cent.

### DOMINION STEEL PREFERRED

**H., Oxford, N. S.—Do you consider Dominion Steel Corporation, 6 per cent., cumulative preference stock as a good risk, and at the present price would you consider this a favorable time to buy?**

We have always regarded this security favorably. It is in a much stronger position than the average preferred stock as the dividend has been guaranteed by income bonds of Dominion Coal and Dominion Iron & Steel Companies. The dividend has been met regularly and on account of the peculiar feature mentioned above we have been advising inquiriers to continue to hold this stock rather than to transfer it into the new security, the 7 per cent. first preferred stock of British Empire Steel Corporation. At the present market price around $70 it would give you a yield of a little over 3½ per cent. and if the company continues to have fair earnings this price should appreciate in the next year or two with interest rates declining.

### GREATER CANADA SECURITY

**M. B. Stratford.—Will you kindly give me your opinion regarding the Greater Canada Security Corporation, which is being underwritten at the present time by the Investors Service Corporation of Canada?**

The Greater Canada Security Corporation, incorporated some months ago, was organized for the purpose of buying up mortgages and particularly existing second mortgages on improved real estate. The authorized capital is divided into 50,000 8 per cent. cumulative preference shares of $100 each, and 75,000 ordinary shares without par value. The expected profits of this company are to be made by the discount on the mortgages. This is in effect transferring to a corporation a line of business in which private individuals have been active for many years. It is a business that is attended with many risks, especially in a period of declining property values. We can only class the stock as speculative. The terms upon which the shares are being offered are $135 per unit of one preferred share and one common share of no par value. Assuming that the preferred share could be bought at $100 by itself you are paying $35 per share for common stock that has no value except that based upon its future prospects.

### QUEEN'S ROYAL

**B. B., Toronto.—Would like your opinion on the Queen's Royal Limited. I have been offered these shares on a basis of ten preferred and ten common for $125, which amount includes a membership in the Queen's Royal Club which will allow me a 10% reduction on my bills at the Queen's Royal. What do you think of it?**

The reputation of the Queen's Royal Hotel is undoubtedly a firm foundation upon which a substantial business can be built for this institution. The directors of the new company are business men who have been successful in the operation of their own companies and the presence on the board of directors of an experienced hotel manager is of course a strong point.

We would classify this stock as a good business man's investment. While we would not recommend it to the person whose first need is safety of principal, we would consider that you would be justified in buying. The fact that you have been a regular patron of the hotel and will continue as such may have some additional weight. The one weakness is that you are required to pay $25 per $100 for your common stock and of course you are speculating on the possibility of this common acquiring some real value—that is unless you view it as the price of your membership in the Queen's Royal Club and consider the privileges this confers as worth the price.

RSC INVESTMENT SERVICE

*Trade Revival Imminent*

Easing credit; improved railroad earnings; inventories adequately written down; better retail business, with lower prices; larger public utility and works expenditures; and lower building costs, all point to a steady improvement in the business situation for 1922.

If you wish to read an up-to-date review of financial and industrial conditions, write for a copy of the current issue of *Investment Items.*

Royal Securities
CORPORATION
LIMITED
MONTREAL
Toronto Halifax St. John Winnipeg
Vancouver New York London, Eng

Automobiles
ROLLS-ROYCE
(English Built)

Sales Representatives or
Toronto District

G. E. Gooderham & Co.
97-105 Richmond Street West
Toronto Ad. 6780

# Who is the Real Profiteer? Who is the Parasite Middleman?

## The Lower The Costs of Manufacture, Transportation, And Merchandising, The Better For The Producer and the Consumer

By AGNES C. LAUT

When you mention as one of the first needs to increase the producer's returns on farm, timber limit, mine and fisheries, as the elimination of the unnnecessary middlemen, who are bleeding the producer white and bankrupt, you at once raise an outcry—"Isn't the middleman as necessary as the producer?

"Isn't production without any value without transportation to deliver farm stuff and lumber to the buyer?

"Doesn't the implement agent carry long credits; and could the farmer do without those credits, and hasn't the implement agent a right to his slice of the profits for that service?

"Doesn't the lumber broker enable the timber operator to reach his foreign market; and hasn't he a right to his profits for that service?

Yes, they do, of course; but when returns to the farmer are less than costs, and charges to the farmer are higher than he can pay, the wheels stop going round. There are too many intermediaries snitching profits between, when returns to the essential producer are less than costs. The system is then paralyzing the producers' (1) producing power, and (2) paralyzing the producers' buying power, which reacts all down the line in such an almost failure in a big mail order business in Chicago, which depends largely on country orders; and on universal bad collections from farmers in 1921 both in the States and Canada.

**It is not the essential middleman between producer and consumer, who has bedevilled prices.** It is the untraceable tricks such a multiplication of middlemen permits in pyramiding prices up to the buyer and reducing returns to the consumer.

### The Railroad Problem

In this article, I have space to take up one such type of middleman—transportation. All the transportation companies of Canada and the United States realized last year that rates were too high. They were strangling and cutting off traffic. President Beatty of the C. P. R. was one of the first to suggest rates would have to come down. He has since been followed by practically every big railroad man on this continent; but the Railroad Board of Canada—which remember is a court of appeal and decision, not an administrator—was confronted with the problem of how to reduce rates, and not reduce wages, especially on the Nationals, confronted with growing deficits and impaired equipment; but there was one section, where surely the reduction could be tried out and the need was desperate. Wages stood at 65% to 75% of total costs, and could not be slashed till cost of living came down. Yet high freights were strangling traffic to the vanishing point especially on two sections of Government-owned roads—one a section of pulpwood shipments on the border between Ontario and Quebec; another a section of pulpwood shipments on the border of East Manitoba and West Ontario. Long as paper sold at $120 up a ton and raw wood on a similar high scale to the United States mill buyer, the wood could stand the high freight; but when the panic cut paper to $65 and paper manufacturers found themselves stocked with raw wood bought at $14 to $20 a cord, the buyers of wood suddenly stopped buying, and thousands of settlers found themselves loaded with wood on whose sale they had depended to tide through the winters of 1921 and 1922. I think of one section that sent over a provincial road in 1920, 300,000 cords of such wood; and suddenly, not a cord was going out. The local wood sellers petitioned the Railroad Board for a substantial reduction of freights, which would enable them to get back in the international paper mill markets. The Board with full co-operation of the roads granted the reduction. **At once, the wood buyers ordered the wood delivered at the local rail siding, instead of the mill as formerly, and reduced the price paid the chopper by exactly the amount of rail reduction.** The wood choppers did not benefit a dime. The reduction was snitched by the powerful combination of middlemen; and hundreds of such examples could be dug out of the Railroad Board's decisions. This explains why a sheep grower in the Maritime Provinces said to a Canadian Government man he could give away for nothing enough wool to make five suits, and by the time the suits came back to him, they would still cost $75 owing to multiplication of middlemen profits. He said he was going out of the wool business, which will make the wool suits still costlier.

Practically the same story could be told of finished lumber and implements. **It isn't the cost at which the implement or the lumber is turned out by the factory, though the factory has usually to take the brunt of the blame. It is what the cost is to the consumer, that bleeds profits and banks up along the line in paralyzed output, poor collections and deadened buying power.**

### Balancing Prices

New York State has been going after these illegal, secret practices for ten years. Some gay blackmailers and gentlemen profiteers are now serving time in the penitentiary as members of this, that and the other "price ring"; and a bill is before the New York House, fathered by Senator Lusk, who has pushed the rapier into the blood-sucking cancer, to make all such middlemen agents' understandings criminal proceedings. The sooner Canada does the same, the sooner prices will go down to the consumer and up to the producer. It is that frankly—clean house—or a social smash in our economic system.

### ABITIBI POWER AND PAPER

The Abitibi Power and Paper Co., at their Iroquois Falls plant, established new production records, during the last few weeks. The latest returns show that the mills are operating at 93.6 per cent. of normal. This indicates a daily output of 455.38 tons, in comparison with 449.12 tons for the week ending Jan. 31. The run for the past week was higher than any week during 1920.

# Britain's Marvelous Achievement

GREAT BRITAIN began last year with a national debt of over 38 billions of dollars. It is not only the largest outstanding war debt of the world but it is borne on the shoulders of only about forty million people. Yet in twelve months the British nation succeeded in reducing the staggering load by approximately $1,200,000,000. Leading United States papers are referring to this as a marvelous achievement and as an evidence of the splendid condition of the British people. It is one of the most marvelous financial successes in history. But this is not all. It took Britain 75 years to wipe out the debt of the Napoleonic wars. To-day's debt, the Chancellor says, can be wiped out on 1921 basis in 20 years.

Yet S. R. Parsons, ex-president of the Canadian Manufacturers' Association, is addressing gatherings of that body, Empire Clubs and other organizations expressing the most pessimistic views of the future of the British Empire.

Lord Grey, speaking January 10 at Bristol, said: "When you talk of the future do bear in mind this, that one of the great dangers of the present day is that, with all the increased means of communication, the multiplication of newspapers, of wireless, of propaganda of all sorts, which we talk of as one of the great advantages of civilization and a great advance, there is a great danger. If it is used for the propaganda of truth it is an advantage, because it gives great facilities; but it also gives great facilities for circulating things which are not true. And the great danger is the using of it for the circulation of the lie."

A Berlin despatch says that Dr. Maximilian van Hagen has just been appointed head of a new press propaganda mission of the German Foreign Office with headquarters in Holland. As Dr. van Hagen recently issued a pamphlet attacking Britain, announcing it as "the first argument with the Anglomania," Berlin draws the inference that the press propaganda mission can be directed only towards England.

The London Times reported recently that German wireless was exceedingly busy spreading misleading statements and actual lies about the gloomy condition of British trade.

# CURRENT OPIONONS

### THE FIRST AMERICAN BILLIONAIRE

(Commerce and Finance.)

Henry Ford is now said to be not only the richest man in the United States, but the first American billionaire. Seventeen years ago, he tells us, he and his wife were tramping the streets of Detroit for their Thanksgiving chicken and none of the stores would trust them for the price.

Mr. Ford is not regarded as knowing very much of the laws of economics or the nature of wealth, so that he affords another illustration of the fact that one may with high efficiency apply to his use the inexorable working laws of economics while understanding little or nothing of their nature and content. Whenever Mr. Ford makes a contribution to social or economic thought it is apt to be laughed at. His peace trip in 1915 was the ghastly irony of a schoolboy playing with the elemental forces. His Jew-baiting propaganda would have been shocking had it not been silly. His libel suit against the Chicago Tribune was a joke, and his theory of currency is laughed at by economists. Nevertheless, he has built up one of the greatest businesses in the world. He has a payroll of $500,000 a day; he spends $750,000 a day for materials and carries a cash balance of $140,000,000 in the bank. He has been the confidant and intimate of such divers personalities as Mr. Edison and the late John Burroughs and was strongly recommended by President Wilson for the United States Senate.

We extend to Mr. Ford our best wishes for his continued health and prosperity. With all his queer venturings into varying fields of human thought, he seems moved by a sincere regard for his fellow men, and his vast fortune may yet be the means of promoting in hitherto undiscovered ways the welfare of mankind.

### PAPAL FINANCE

(Barron's Weekly)

Nothing could more exactly confirm what was said in this place last week than the election of the new Pope. It was pointed out then that what assumes to call itself public opinion would not be consulted, that the few cardinals brought by circumstances into the public eye would have no particular weight in the conclave, that the late Pope did not, and could not, "nominate his successor," and that rumors during the conclave of leaks as to the nature of the balloting might be dismissed with contempt. The college of cardinals is not limited to the election of a cardinal. It could choose any priest in the whole Roman hierarchy. The only English Pope of record, Adrian IV, was an abbot, and not even a bishop. The new Pope was a priest three years ago and his cardinal's hat was conferred in the latter part of last year. His name was never mentioned, anywhere, before his election.

Popularity would probably be a handicap to a candidate for the Papacy if the candidacy itself would not be an argument against election. The new Pope is a man of active habits and of administrative ability, with an exceptionally patriotic record during the late war.

It is seldom recognized what a tremendous financial propostiion any Pope has to handle. This is enormously complicated as a result of the destructive forces of the war and particularly the wildcat national finance which has followed it. Austria, Bavaria, Poland, Rumania, were all important sources of papal revenue, and within those regions the Church may be said to share the general bankruptcy. Its tax exemptions are nothing when placed beside the enormous depreciation in church property. The church has also been hard hit in Belgium, and even in countries neutral during the war, like Spain; while the purchasing power of its Italian revenues must have suffered severely with the depreciation of the Italian currncy.

America is so large a contributor to church funds, local, diocesan and papal, that a statement of the financial condition would be not only interesting but reassuring, especially as contributions of the faithful here will bulk largely in rehabilitation.

### HYDRO

(London Advertiser)

One of the first duties of the Ontario government at its approaching session will be to restore responsible government to this province by making hydro a department of the government.

This question is entirely separate from the question of public ownership.

It is only following the instructions: "Let all things be done decently and in order."

Hydro spends more money than all the rest of the government. Why should hydro, which belongs to the province, be outside of the government of the province?

The British North America act is the charter of the province. Within the powers conferred by that act the province can legislate. Municipal law is one of the subjects over which the Provincial Legislature has exclusive control. Municipalities must derive any power they have from the Legislature, and cannot band themselves together and act in defiance of the Legislature.

Premier Drury is on sound ground when he declines to act without the authority of the Legislature, and he should make hydro a department of the government, responsible to Parliament, and through it to the people. In this he should have the support of every member of the Legislature.

There are no party questions in the Ontario house. The Drury government has the goodwill of the people, and has shown courage and initiative. The great benefit it will be to the country will [illegible] minister takes over the management of hydro. The millions involved can be more accurately placed. Many a change in government is of less consequence than a change in the management of hydro would be. It is high time that "the dog wagged the tail."

Manufacturers attending National Women's Apparel Exhibit in Chicago state prices are 40% lower this year and skirts two inches longer which will increase consumption of textiles.

To Yield
5.80%

The 10 year 6's of one of the largest city school boards in the Province of Quebec.

*Details on Request*

*Greenshields & Co.*
INVESTMENT SECURITIES
Montreal: 17 St. John Street
Toronto: 14 King Street East
Ottawa: Central Chambers

Bonds Twenty Points Lower

In 1912, a normal pre-war year, Ontario Municipal bonds which are now selling to yield 5.60% were sold to yield but 4.20%.

This means that in 1912 a twenty-year 6% Ontario Municipal bond would have sold at 124.19 as compared with to-day's price of 104.78.

This illustration emphasizes the fact that notwithstanding recent minor advances, bond prices are now unusually low. For this reason, careful buyers of bonds are taking advantage of prevailing conditions and buying at existing prices.

Write for a list of these bonds.

Wood, Gundy & Co.
Montreal 36 King St. West New York
Winnipeg Toronto London, Eng.

Our February Investment Guide

contains a diversified list of securities which we recommend for investment. The following are a few bonds which we have described therein:

| Security | Rate | Maturity |
|---|---|---|
| Province of Ontario - - - | 6 % | 15th Sept., 1943 |
| Province of Saskatchewan - | 6 % | 1st Oct., 1940 |
| Province of Alberta - - - | 6 % | 15th Jan., 1936 |
| City of Hamilton - - - | 6 % | 1st Oct., 1933 |
| City of Calgary - - - - | 4½% | 1st Jan., 1941 |
| Rural Municipality of Fort Garry | 6 % | 1st Sept., 1950 |

*Before You Invest Consult Us*

Æmilius Jarvis & Co. LIMITED
*Established 1891*
Ottawa
New York
103 Bay St.
Toronto
London Eng.

OTTAWA GAS COMPANY
Refunding Mortgage 6% Bonds
Due March 1, 1939
Principal and Interest Payable in gold in New York
Price on Application
HARRIS, FORBES & COMPANY
LIMITED
C. P. R. Building TORONTO
21 St. John Street MONTREAL

WE OWN AND OFFER:
PROVINCE of QUEBEC
5½% Bonds
Due 1st December 1936
Price on application.
United Financial Corporation Limited
14 King Street, East, TORONTO
MONTREAL OTTAWA LONDON, Eng.

OTIS & CO.
United States and Foreign Government Bonds
Municipal and Corporation Bonds
Preferred and Common Stocks
Foreign Exchange
Acceptances
CLEVELAND
New York Boston Detroit Cincinnati Columbus
Toledo Akron Youngstown Dayton Denver Colorado Springs

C.P.T.Co.
Every Man Intends to Make a Will

But when one feels fit and eager for the day's work, can make the ninth hole in four, and help carry a canoe around a three-mile portage—it's hard to contemplate the idea of a WILL with any seriousness.

That is why so many men die without making any will.

That is why so many a comfortable little fortune is wasted in legal tangles.

That is why so much property gets into hands for which it was never intended.

Every man has rather decided views about the disposition of the wealth that he has created and saved. And he can enforce his wishes by a carefully drawn will and a wise choice of an executor. He can choose no executor who will administer his estate more prudently and faithfully than—

The Canada Permanent Trust Company
Put your intention into effect to-day, and name as your executor
THE CANADA PERMANENT TRUST Co
Paid-up Capital One Million Dollars
Toronto Street, Toronto.
Manager Ontario Branch • A. E. HESSIN

THE
NATIONAL CITY COMPANY
Limited
Bonds & Investment Securities
Canadian Headquarters:
74 Notre Dame Street West, Montreal
10 King Street East
Toronto, Ont.
McCurdy Building
Halifax, N.S.
71
THE NATIONAL CITY COMPANY
NATIONAL CITY BANK BUILDING
NEW YORK

Security Life Shows Progress
IN EVERY DEPARTMENT
FOR 1921

Synopsis of Financial Statement

The Directors present herewith the Report of the Business of the Company for the year 1921. The Insurance Report is given for the fuller information, along with the corresponding items of the previous year and is as follows:

| | 1920 | 1921 |
|---|---|---|
| Applications for New Insurance | $2,204,900 | $2,708,200 |
| New Insurance actually issued | 2,023,100 | 2,241,700 |
| Total Insurance in Force | 4,474,587 | 6,011,195 |
| Gain in Insurance in Force | 1,464,650 | 1,536,608 |

The gain in Insurance in Force for the year was 68% of the New Insurance issued. In the last three years the Company has issued New Insurance of $5,998,300 and gained $4,362,908 in Force, a gain for the three years of 72% of issue, making a very creditable record. It is evident that the class of policy being issued to insurers by the Company is proving satisfactory. Not only is the business remaining on the Company's books, but in the last two years not a single letter or message has been received at Head Office indicating misunderstanding of, or dissatisfaction with, the policy held in this Company.

The following synopsis of the financial affairs of the Company is also given along with the corresponding items of the former year:

| | 1920 | 1921 |
|---|---|---|
| Gross Premium Income | $112,648.06 | $169,655.69 |
| Interest Income | 11,710.31 | 15,693.05 |
| Assets as at December 31st | 300,014.83 | 443,651.36 |
| Policy Reserves | 222,329.00 | 314,988.00 |
| Gross Surplus excluding Capital | 75,003.43 | 122,732.59 |

The total Death Claims for the year amounted to $19,215.00, on seventeen lives. The Company carried Re-Insurances of $2,000.00, leaving the net death loss for the year $17,215.00. The premiums charged by the Company made provision for death losses during the year of $40,188.00.

The interest actually earned by the Company in 1921 was $17,441.06.

The Cash Statement for the year and the Balance Sheet as at December 31st last is being sent to all Shareholders and Policyholders.

As compared with 1920, the Company issued 12½% more new business; collected 26% more cash premiums; collected 43% more interest, and increased its expenses by less than 5%.

During the year the insurance in force increased by 33%; the assets increased by 48%, and the gross surplus increased by 62%.

SIR HENRY H. PELLATT, C.V.O.,
President.
J. O. McCARTHY,
Vice-President and General Manager.

The Security Life Insurance Company is the only Canadian Company under Dominion License issuing exclusively non-par insurance.

# NEWS OF THE BOND MARKET

## RAILWAYS GO TO NEW YORK MARKET FOR $25,000,000

### Another Railway Loan Arranged — Fielding's First Work

### DOMINION LOAN

### Will Government Make Issue of Short Term Notes In New York Very Soon?

The first loan of the new Minister of Finance will be a twenty-five million dollar Canadian National Railway issue to be sold in the New York market. Negotiations were being carried on by the minister this week and it is understodd that the transaction has been completed.

There have been insistent stories around New York and in foreign exchange circles to the effect that the government has been negotiating for the sale of $100,000,000 of short term securities in New York to provide funds for purposes other than redemption of the 1922 Victory he refunding of these gonds will be cared for by a domestic issue in the fall.

The story does not jibe with one that comes from an authoritative source that interests acting on behalf of the governmenn have been buying heavily of New York funds. This would indicate a movement to New York of money and the story may have its root in other factors. The banks are probably putting more money on call in New York following the end of the year.

Transactions of the Dominion Treasury Board are carried out with considerable secrecy and it is difficult to get official confirmation of any of the rumors that are flying around. But as time goes on and opinion solidifies it seems more likely than ever that the government will look favorably upon the plan of borrowing in New York for the purpose of refunding its short term obligations and loans from the bank and borrow in Canada for the purposc of refunding the 1922 Victory Loan issue.

## Many Bond Sales During Week; Prices Are Stronger

After indicating the possibility of a weakening of prices, the bond market has strengthened somewhat and bids on new issues this week were somewhat higher.

**Westmount Sells at 5.43%**

Westmount, P.Q., has sold $272,000 of 5½ per cent bonds maturing in various instalments up to 1960 at $100,709, which is around a 5.43 per cent basis. Harris Forbes & Co. got the issue.

The tenders were:

| | |
|---|---|
| Harris, Forbes & Co. | 100.709 |
| Hanson Bros. | 100.53 |
| A. E. Ames & Co. | 100.2112 |
| Royal Securities Corp. | 99.978 |
| A. Jarvis & Co. | 99.56 |
| Wood, Gundy & Co. and Rene T. Leclerc | 99.54 |
| National City Co. | 99.39 |
| Dominion Securities Corp. | 99.336 |
| Nesbitt, Thomson & Co. | 99.273 |
| McLeod, Young, Weir & Co. and Greenshields, Ltd. | 98.778 |
| United Financial Corp. | 98.608 |
| Guaranty Investment Co. | 97.21 |
| Credit Canada | 98.51 and 98.01 |

(For separate blocks)

**New Bond House in Action**

Town of Weston, Ontario, sold $51,550 of 10 year 6 per cent bonds to the Continental Bond Corporation at 100.60. This is a 5.92 per cent. basis. Tenders were:

| | |
|---|---|
| Continental Bond Corp. | 100.60 |
| Winnipeg Bankers Corp. | 100.50 |
| R. C. Matthews & Co. | 100.09 |
| Wood, Gundy & Co. | 99.83 |
| C. H. Burgess & Co. | 99.53 |
| Dominion Securities Corp. | 99.333 |
| A. Jarvis & Co. | 99.23 |
| Wm. C. Brent & Co. | 99.179 |
| Canada Bond Corp. | 98.62 |
| A. E. Ames & Co. | 98.53 |

**Good Prices for Sherbrooke**

Sherbrooke, P. Q., has disposed of $207,500 of 5 per cent. 10 year bonds to A. E. Ames & Co. at 94.944 about a 5.67 per cent basis. The tenders were:

| | |
|---|---|
| A. E. Ames & Co. | 94.94 |
| Royal Securities Corp. | 94.87 |
| Wood, Gundy & Co. | 93.87 |
| Dominion Securities Corp. | 93.67 |
| Credit Canadien and Municipal Debenture Corp. | 93.57 |
| Harris, Forbes & Co. | 93.58 |
| Payette & Co. | 93.07 |
| National City Co. | 92.87 |
| Hanson Bros. | 92.85 |
| Versailles Vidricaire & Boulais and L. G. Beaubien | 91.56 |

The Continental Bond Corporation has bought $15,000 of 6 per cent. 20 instalment bonds from the town of Hespeler.

The Municipal Bankers Corporation and Edward Cronyn & Co. have bought $127,000 of 6 per cent. 20 and 30 instalment bonds from the town of Oshawa at 103.32.

Victoria, B. C., has disposed of a second bond issue. Debentures to the amount of $101.000, bearing 6 per cent. interest and maturing in ten instalments were sold to the Royal Securities Corp. At the price of 99.367 the city borrows at 6.12.

| | |
|---|---|
| Royal Securities Corp. | 99.367 |
| A. E. Ames & Co. | 98.43 |
| R. P. Clark & Co. | 98.07 |
| Pemberton & Son | 97.937 |
| Gillespie, Hart & Todd | 97.05 |
| British American Bond Corp. | 97. |

Royal Securities Corp. were awarded $149,900 of 6 per cent. 10 year bonds of the city of Three Rivers at 99.87. The money costs the city about 6.02 per cent. The tenders were.

| | |
|---|---|
| Royal Securities Corp. | 99.88 |
| McLeod, Young, Weir & Co. and Greenshields, Ltd. | 99.467 |
| Hanson Bros. | 99.35 |
| Rene T. Leclerc | 99.13 |
| Municipal Debenture Corp. | 98.82 |
| A. E. Ames & Co. | 98.817 |
| Credit Canada | 98.75 |
| Provincial Securities Corp. | 98.65 |
| L. G. Beaubien & Co. and Versailles, Vidricaire & Boulais | 98.55 |
| Le Pret Municipal | 98.10 |

R. C. Matthews & Co., have purchased $100,000 of 6% in instalment debentures from the United counties of Prescott and Russell. The price paid was 103,189, a 5.60 per basis. Tenders were:

| | |
|---|---|
| R. C. Matthews & Co. | 103.189 |
| Wood, Gundy & Co. | 102.84 |
| R. A. Daly & Co. | 102.623 |
| A. E. Ames & Co. | 102.31 |
| T. S. G. Peper & Co. | 102.198 |
| Harris, Forbes & Co. | 102.07 |
| McLeod, Young, Weir & Co. | 101.81 |
| Dominion Securities Corp. | 101.177 |
| C. H. Burgess & Co. | 101.16 |
| Wm. C. Brent & Co. | 101.07 |

## *The Investor and "Amortization"*

### How to Determine Between Interest and Capital in Discount and Premium Bonds

Though our company is not a very large one we would like to keep our investments account with some regard for accuracy. I am puzzled to know exactly how to determine between income and capital in the case of bonds bought at a premium or discount and how to charge these up in our accounts.
Manufacturer.

Individual investors should be as careful in keeping their records and accounts as financial institutions. Only by the exercise of care can the proper distinction be drawn between capital and income and the impairment of the former be prevented.

If an investor buys a long term 3½ per cent. railway bond to yield 6 per cent. it is obvious that the $35.00 a year interest he will receive on each $1,000 bond is short of his actual income on the bond. As the bond increases in value towards maturity the increase up to each interest period should be calculated and treated as income.

Conversely with bonds bought at a premium the investor must not consider his actual coupon rate as income. As the bond approaches maturity its book value declines and a certain proportion of the interest return should be treated as capital.

**Process of Amortization**

The process by which the income and capital are divided is known as amortization. In the case of the average bond it is not necessarily complicated. With a table of bond values any investor can work out his own figures. It can be done with little effort by simple arithmetical calculations.

Let us take the case of a bond having four years to run, interest payable semi-annually, bearing 4 per cent. interest and bought to yield 6 per cent. The investor would pay $929.80 for a $1,000 bond. It would be a simple matter for the investor to write up his bond $20 each year—2 per cent of the par value—and consider that the 4 per cent. coupon interest added to the 2 per cent. appreciation he has added to his bond constitutes his actual income yield of 6 per cent. It would be simple but his reasoning would be incorrect. Two per cent. of the par value is more than 2 per cent. of the purchase price. He is crediting himself with more income than he has actually earned and this means that before the maturity of the bond he will find that he has written the bond up to the full par value and will then have to be content with only the 4 per cent. income yield.

The proper method is at each six months' interest date to figure 6 per cent. interest on the amount invested—not the par value—and to treat this as the income. Only the coupon payment is actually received of course. The remainder is added to the book value of the bond. On the second interest date the new book value is taken as the basis for the new income calculation. If the investor has a table of bond values it will be a simple matter to determine the book value of the bond at any interest date and the amount of the amortization.

In the case mentioned the actual working out of the plan would be as follows:

Date of purchase, January 1, 1922.
Paid for bond, $929.80.

| Date | Cash Interest | Amortization* | Book value at date |
|---|---|---|---|
| July, '22 | $20 | $7.89 | $ 937.69 |
| Jan., '23 | 20 | 8.14 | 945.83 |
| July, '23 | 20 | 8.47 | 954.20 |
| Jan., '24 | 20 | 8.63 | 962.83 |
| July, '24 | 20 | 8.88 | 971.71 |
| Jan., '25 | 20 | 9.15 | 980.86 |
| July, '25 | 20 | 9.43 | 990.29 |
| Jan., '26 | 20 | 9.71 | 1,000.00 |

*Amount added to book value of bond and added to cash interest to arrive at net income.

**Bonds Bought at Premium**

We will take a reverse case as well. This bond also has four years to run, it bears 7 per cent. interest, payable semi-annually, and was bought by the investor to yield 6 per cent. The figures indicate how much should be written off the book value of the bond on each interest date and be treated as return of capital rather than income.

Date of purchase, January 1, 1922.
Paid for bond, $1,035.09.

| Date | Cash Interest | Amortization* | Book value at date |
|---|---|---|---|
| July, '22 | $35 | $3.94 | $1,031.15 |
| Jan., '23 | 35 | 4.07 | 1,027.08 |
| July, '23 | 35 | 4.19 | 1,022.89 |
| Jan., '24 | 35 | 4.31 | 1,018.58 |
| July, '24 | 35 | 4.44 | 1,014.14 |
| Jan., '25 | 35 | 4.58 | 1,009.56 |
| July, '26 | 35 | 4.71 | 1,004.85 |
| Jan., '26 | 35 | 4.85 | 1,000.00 |

*Amount deducted from book value of bond and deducted from cash interest to arrive at net income.

**The Wrong Way**

The plan of writing up the discount bond to its full value at the date of purchase or at the date of maturity is very bad accountancy and leads to loose investing.

In the case of securities held by a trustee where the income goes to one person or group of persons and the principal sum reverts to another person or group it is especially essential that proper division be made of income and capital.

## Galt Brass Company Makes Issue of $150,000 of Bonds

First mortgage bonds to the amount of $150,000 are being issued by the Galt Brass Company, Ltd., to provide for expansion of the business of the company and to pay for enlargements of the plant that have recently been completed. The bonds bear 7½ per cent interest, run for twenty years and are offered by the Rogers Securities Corporation to yield 8 per cent.

The president of the company, W. J. Cluff says, "The average net earnings for the past five years available for interest, depreciation, etc., have been equal to three times the annual bond interest."

### NO FIXED COMMISSION

An article in last week's issue gave the impression that members of the stock exchange were required to charge a full ¼ of 1 per cent. commission on Victory bond transactions. There is no definite and fixed ruling to guide stock exchange firms in charging on Victory loan business.

London cable says contracts have been drawn up for supplying British railways with coal for six months' period, at prices from 11s. to 12s. below the last contracts.

## BOND MOVEMENTS OF THE WEEK

| BONDS— | Int. Rate. | Due. Year. | Yield. | Range 1921. | | Range 1922. | | Latest Price Week Ending Feb. 14th | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | High. | Low. | High. | Low. | Ask. | Bid. | High. | Low. |
| Asbestos | 5 | 1942 | 6.80 | 80 | 73 | 80½ | 79½ | — | 80 | 80¼ | — |
| Can. Bread | 6 | 1941 | 6.62 | 90½ | 82 | 93 | 88½ | 94 | 92 | 83 | — |
| Can. Car | 6 | 1939 | 6.22 | 98 | 97½ | 97¾ | 95 | — | 95 | 97¾ | — |
| Can. Cement | 6 | 1929 | 6.20 | 95 | 89 | 98⅜ | 94 | 98½ | 97½ | 98⅜ | 97¾ |
| Can. Locomotive | 6 | 1951 | 7.02 | 90 | 82 | 94 | 87 | — | 93 | 94 | 87 |
| Can. Cottons | 5 | 1940 | 6.37 | 84 | 77 | 85 | 82 | — | 83½ | 85 | — |
| Ced. Rapids | 5 | 1953 | 5.26 | 97 | 86 | 97½ | 94 | 96 | — | 96 | — |
| Dom. Coal | 5 | 1940 | 5.68 | 92⅝ | 86 | 93⅛ | 92 | — | 92 | 92 | — |
| Dom. Textile | 6 | 1925 | 6.55 | 98 | 92 | 99½ | 98 | 99½ | 98 | 98 | — |
| Montreal, Sep. 23 | 6 | 1923 | 6.40 | 100 | 97¾ | 100 | 99 | — | 99¼ | 99¼ | — |
| Ogilvie | 6 | 1932 | 5.84 | 100 | 92¼ | 101¼ | 101 | — | 101 | 101¼ | — |
| Penman's | 5 | 1926 | 7.15 | 89½ | 85 | 91 | 90 | — | 90 | 91 | 90½ |
| Quebec Rly | 5 | 1939 | 8.70 | 68 | 59 | 66½ | 65 | — | 65 | 65½ | 65 |
| Rio Janiero | 5 | 1935 | 8.00 | 81 | 62 | 85⅝ | 73 | — | — | 75 | 74 |
| Sao Paulo | 5 | 1929 | 7.90 | 82 | 70 | 83½ | 80 | 83½ | — | 83 | 82¾ |
| Wayagamack | 6 | 1951 | 8.30 | 78¼ | 69½ | 76 | 71¾ | 75 | — | 73 | — |
| War Loan (1925) | 5 | 1925 | 5.63 | 96.00 | 92.00 | 98.50 | 96.10 | 98.10 | 98.00 | 98.15 | 97.75 |
| Do., (1931) | 5 | 1931 | 5.22 | 96.60 | 90.05 | 98.80 | 96.25 | 98.40 | 98.10 | 98.20 | 98.10 |
| Do., (1937) | 5 | 1937 | 4.90 | 102.50 | 94.50 | 101.25 | 99.50 | —— | 100.40 | 100.35 | 100.00 |
| Victory (1922) | 5½ | 1922 | 5.60 | 99.55 | 96.62 | 99.95 | 99.10 | 100.00 | 99.90 | 99.95 | 99.60 |
| Do., (1923) | 5½ | 1923 | 5.58 | 99.50 | 95.50 | 99.90 | 98.75 | 99.90 | 99.85 | 99.90 | 99.25 |
| Do., (1924) | 5½ | 1924 | 5.68 | 98.50 | 94.25 | 99.85 | 98.00 | 99.50 | 99.45 | 99.60 | 99.20 |
| Do., (1927) | 5½ | 1927 | 5.33 | 101.00 | 95.25 | 101.60 | 99.80 | 101.00 | 100.90 | 100.55 | 100.90 |
| Do., (1933) | 5½ | 1933 | 5.21 | 101.80 | 95.12 | 103.10 | 101.25 | 102.75 | 102.70 | 103.00 | 102.50 |
| Do., (1934) | 5½ | 1934 | 5.53 | 99.43 | 92.25 | 100.00 | 98.30 | 99.80 | 99.75 | 100.00 | 99.70 |
| Do., (1937) | 5½ | 1937 | 5.04 | 104.00 | 96.50 | 105.15 | 103.30 | 105.00 | 104.90 | 105.00 | 104.70 |

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# CIVIC AND PROVINCIAL FINANCE

## NEW LEGISLATION OF SASKATCHEWAN IS NOT APPROVED

### Bondholders and Investing Organizations Do Not Like It

### MATTERS NOW WORSE?

### Objection Is To Clause That Transfers Right of Appeal From Courts to Local Government Board

Contention between the Saskatchewan government and holders of Saskatchewan municipal bonds is far from being allayed by the recent legislation of the government giving to the Local Government Board authority to deal with municipal cities in default. Already strenuous protests have been made to the provincial government by bond dealers, institutions and kindred organizations who feel that the legislation makes the position of the bond holders about 100 per cent. worse than it was before.

The clause that has aroused so much criticism is one that was inserted after the original draft of the bill had been drawn up, it is stated. It provides that when the Local Government Board takes charge of the affairs of any municipality all proceedings by bondholders against that municipality shall be stayed. Members of the Dominion Mortgage and Investments Association, investing officials of institutions and bond dealers generally see in this clause a possibly fatal weakness in the new arrangements. They do not want to lose their right to take action directly against any municipality that gets behind in its payments and view with much disfavor the action of the government in making the local government board and not the courts their only recourse.

In the meantime action has been taken by a number of creditors of Swift Current against the city. Writs have been issued for claims aggregating $750,000. This is a result of the election of a new council that has since its election undone all the work that was accomplished by the former council in coming to an arrangement with the bondholders for the administration of the city's finances in such a way as to provide for the ultimate payment of interest and principal on its obligations. The new council felt that the agreement was too drastic in the limitation it imposed on the city. A further conference between bondholders and the city officials will be held.

### HOW BONDS WERE SOLD

#### Saskatchewan Advertised For No Public Tenders

From Our Own Correspondent.

REGINA.—Before prorogation of the provincial legislature, Hon. C. A. Dunning, provincial treasurer gave particulars concerning debenture issues by the province during the past twelve months.

He stated issues were not advertised before the date of sale but that tenders were requested individually from different corporations and bond buyers. Ten days before the $2,000,000 issue of 6 per cent., 1936 debentures payable in Canada, tenders had been asked; five days before the issue of $5,000,000 worth of 6 per cent. 1927 debenture tenders were called for and seven days before the $3,000,000 issue of 5½ per cent. debentures payable in Canada and the United States in 1946, similar notification was sent bond dealers.

In the first case, 44 bond dealers were notified by letter or wire, in the second case, 44 bond dealers and in third instance, 33 dealers. In two cases had the government sold more than the advertised amount.

### REGINA APPEAL CASE

From Our Own Correspondent

REGINA.—The city of Regina has formally decided to appeal against the judgment handed down in the Court of King's Bench by Mr. Justice Taylor on January 20, when the Toronto General Trust Corporation was awarded a verdict against the city in claiming for payment at par of sterling on the city's bond issue maturing in 1938. The city claimed the right to pay the issue at obtaining rates of exchange.

## Tax Rates Count For Nothing In Comparing Gives Outlay

### The Actual Expenditure Per Capita On Standard Services Is The Fair Barometer of a City's Expenditures

By HORACE L. BRITTAIN,
Managing Director Toronto Bureau of Municipal Research and Citizens' Research Institute of Canada.

Barnum is reported to have said that men liked to get fooled. Whether he said it or not, it formed a part of his practical philosophy, and not the least profitable part. What the bear-man or the mermaid was to the old-style show man, the tax rate is to the new and old-style ward politician. Just as some showmen are said to have come to believe in the authenticity of their exhibits, so some politicians have come to believe that the tax rate really represents something of real significance. In both cases, many of those who pay the entrance fee share their faith and show considerable heat when their faith is questioned.

Within a short period the writer was in one municipality where the high tax rate was being used as a bogey to prevent increased expenditure, and in another where the comparatively low rate was being used by some citizens as an argument for incurring increased expenditure. As a matter of fact the first town was in a much better position than the second to spend more money. Although having a high tax rate it had a low per capita expenditure, while the second town, although having a comparatively low tax rate, had a very high per capita expenditure. The "African in the fuel" was an abnormally low assessment in one case and an abnormally high assessment in the other.

The tax rate is in no way an index of expenditures. It is simply the quotient obtained by dividing the total assessment for taxation purposes. Having thus been arrived at it is used as a multiplier of the various individual assessments in order to ascertain individual tax bills. It is simply a very useful mathematical device to cut down labor in the taxation office.

#### The Unimportance of The Rate

Yet, one may see the spectacle of one group of candidates and citizens viewing with alarm the very same tax rate which another group professes to regard with equanimity, or even satisfaction. In reality, there is no emotional appeal in a tax rate. There is no more reason why a tax rate should be viewed with alarm or pointed to with pride than the multiplication table, or the base "E".

If the methods of determining assessments were uniform, and if all cities raised their revenue other than taxation in the same way, the tax rate might be used for purposes of comparison. But actual methods of assessment are not uniform within the same province and still less throughout the Dominion, and revenues other than those from general taxation vary as widely. One city may have a per capita assessment of $600 and another of $1,200. One city may raise 10 per cent of its revenue from sources other than taxation, and another 30 per cent. One city may tax business through the general tax rate, and another outside of it, on rental values or net income. Until assessment laws and methods of interpreting and applying assessment laws have become uniform and until revenues other than taxation have been standardized throughout the country, the use of the tax rate as a financial barometer can be nothing but a delusion and a snare, whether applied to one city for comparing the present with the past or to a number of cities for the purpose of comparing one with another.

#### The One Sane Standard

The only possible standard for comparing current expenditures, whether in a single city or in a group of cities, is the expenditure per inhabitant on standard services—i.e., the per capita expenditure after excluding expenditures on revenue producing enterprises other than deficits on these enterprises when they occur. Even this cannot be regarded as absolute, as the value of money varies widely over a term of years. It is however, the best index available and is usually fair as between different cities.

Every city budget and every city treasurer's report should contain the per capita expenditures of the city for a term of years and, if possible, a comparative table of per capita expenditures of other cities comparable in size and civic problems. They should also show per capita expenditures for the main civic services over a term of years. Some cities show on each tax bill how each dollar of taxes is divided among the city services. This enables each taxpayer to find out how much of his taxes go to schools, public health, parks and public recreation and all the varied activities of a modern city. In the last analysis the control of expenditures rests with the people who pay the bills; but this power of control must remain ineffective until taxpayers are supplied with information which really illuminates rather than clouds or misleads judgment.

The table below gives the tax rate and per capita taxation for 15 Ontario cities in 1919. An examination of this will indicate just how much relation there is between the tax rate and expenditures out of tax funds:

| City | Tax Rate | to Rank According Tax Rate | City | Capita Per Taxation | Capita According to Per Taxation Rank |
|---|---|---|---|---|---|
| "A" | 28.5 | 1. | "A" | $38.90 | 15. |
| "B" | 28.5 | 2. | "B" | 19.13 | 2. |
| "C" | 29. | 3. | "C" | 21.78 | 4. |
| "D" | 29.75 | 4. | "D" | 22.79 | 7. |
| "E" | 30. | 5. | "E" | 23.58 | 8. |
| "F" | 30. | 6. | "F" | 20.06 | 3. |
| "G" | 30. | 7. | "G" | 18.43 | 1. |
| "H" | 30.6 | 8. | "H" | 27.17 | 11. |
| "I" | 31. | 9. | "I" | 27.06 | 10. |
| "J" | 31. | 10. | "J" | 22.59 | 6. |
| "K" | 31.75 | 11. | "K" | 32.09 | 13. |
| "L" | 32.50 | 12. | "L" | 26.14 | 9. |
| "M" | 33. | 13. | "M" | 38.50 | 14. |
| "N" | 35. | 14. | "N" | 28.23 | 12. |
| "O" | 35.5 | 15. | "O" | 22.40 | 5. |

## Tenders and By-Laws

### TENDERS WANTED

**Feb. 28, R. M. Morton.**—$58,300, 6 per cent., 30 year Good Roads Debentures. G. C. Smith, sec.-treas., Municipality of Morton, Boissevain, Man.

**Mar. 3, R. M. of St. Andrew's, Man.**—$84,758 5½ per cent. Good Roads Debentures. Repayable in series from 1941 to 1949. J. D. Foster, sec.-treas., Clandeboye, Man.

**Mar. 7, East Angus.**—$25,000 debentures. J. Alfred Girard, sec.-treas., East Angus. (See announcement on page 6.)

**Mar. 2, Toronto Separate School Board.**—$500,000 5½ per cent., 20-year debentures Albert Hornberger, Chairman of Finance, Separate School Board. (See announcement on page 6.)

**Mar. 3, Ford City.**—$22,000 6½ per cent., 20-year public school debentures. J. F. Foster, Town Clerk. (See announcement on page 6.)

**Mar. 1, Twp. of Scarborough.**—$196,288 6½ per cent., 19-instal. debentures. James T. Stewart, Treasurer, Twp. of Scarborough, Birch Cliff. (See announcement on page 6.)

**Mar. 6, Hull, Que.**—$130,700 6 per cent. debentures, maturing 1st May, 1941; May, 1951; May, 1928. H. Boulay, City Clerk, Hull.

**Mar. 6, Consumers' Gas Co.**—$7,500, 150 shares of capital stock, having par value of $50. Arthur Hewitt, General Manager, Toronto. (See announcement on page 16.)

**Feb. 20, Montreal.**—$5,000,000 5½ per cent. 10-year bonds. (See announcement on page 12.)

**Feb. 21, Carleton County, Ont.**—$270,000 5½ per cent., 20-instal.; $30,000 5½ per cent., 5-instal. debentures. H. R. Washington, County Treasurer, Ottawa.

### SASKATCHEWAN

The following is a list of authorizations granted by the local government board from January 28th to February 4th, 1922.

**Schools**—Witchekan Lake, $3,500; Prairie View, $6,100; Bowmore, $4,000; Vyner, $300; Copeau, $1,000; Mornington, $4,000; Ranch, $3,300.

The following is a list of debentures reported sold from January 28th to February 4th, 1922.

**Schools**—Surbiton, No. 3071, $400, 10 yrs., 8 per cent., Geo. Moorhouse & Co., Regina; Gleneath, No. 4453, $5,100, 15 yrs., 8 per cent., Waterman-Waterbury Co., Regina; Empress, No. 4438, $3,000, 15 yrs., 8 per cent., C. C. West, Assiniboia; Zaporoze, No. 3183, $1,200, 10 yrs., 8 per cent. C. C. Cross & Co., Regina.

**Rural Telephones**—Dowsell-Canora, $3,600, 15 yrs., 8 per cent., R. Berwick & Co., Regina; Llfros, $4,300, 15 yrs., 7¾ per cent., Regina School Sinking Funds; Lenora Lake, $4,200, 15 yrs., 8 per cent. C. C. Cross & Co., Regina.

## WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

| Date | Place | Sold to | Rate | Term | Amount | Price | Basis |
|---|---|---|---|---|---|---|---|
| Feb. 10 | Hespeler, Ont. | Continental Bond Corp. | 6% | 20 in. | $ 15,000 | ...... | ... |
| Feb. 14 | Westmount, P.Q. | Harris, Forbes & Co. | 5½% | 38 in. | 272,000 | 100.709 | 5.43 |
| Feb. 14 | Weston, Ont. | Canadian Debentures Corp. | 6% | 10 yrs. | 51,550 | 100.60 | 5.92 |
| Feb. 14 | Sherbrooke, P.Q. | A. E. Ames & Co. | 5% | 10 yrs. | 207,500 | 94.944 | 5.67 |
| Feb. 14 | Three Rivers, P.Q. | Royal Securities Corp. | 6% | 10 yrs. | 149,900 | 99.87 | 6.02 |
| Feb. 11 | Vaughan Twp., Ont. | Canadian Debentures Corp. | 6% | 30 in. | 40,000 | 104.17 | 5.62 |
| Feb. 1 | Dysart Twp, Ont. | C. H. Burgess & Co. | 6% | 20 in. | 15,000 | 100.50 | 5.94 |
| Feb. 14 | Victoria, B.C. | Royal Securities Corp. | 6% | 10 in. | 101,000 | 99.367 | 6.12 |
| Feb. 14 | Oshawa, Ont. | Municipal Bankers and Edw. Cronyn & Co. | 6% | 20 & 30 | 127,000 | 103.32 | ... |
| Feb. 4 | Sask. towns; phones, etc... | Various | ... | .... | 118,700 | ...... | ... |
| | | **CORPORATION ISSUES** | | | | | |
| Feb. 10 | Imperial Steep Corp. | Continental Bond Corp. | 8% | 25 yrs. | 300,000 | ...... | ... |
| Feb. 13 | Galt Brass Co. | Rogers Securities Corp. | 7½% | 20 yrs. | 150,000 | ...... | ... |
| Feb. 7 | Birks Bldg., Ltd. | Privately | ... | .... | 4,000,000 | ...... | ... |
| Feb. 1 | La Corporation d'Energie de Montmagny | Le Credit Industriel | ... | ... | 250,000 | [illegible] | [illegible] |
| Feb. 10 | Westmount Industrial Corp. Ltd. | Hew. R. Wood Co. | 7% | .... | 325,000 | ...... | ... |

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1924
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W. H. George, Superintendent of Agencies

**Interesting Facts concerning the Mutual of Canada**

The Mutual of Canada was organized strictly for protection, not for investment. Its "stock" has never been quoted as it is operated without private capital. It has grown steadily for nearly half a century and is established upon an unshakeable foundation. It is under government supervision like all other old line companies, maintaining reserves on the safe and conservative basis of three and three and a half per cent. The business is confined to the Dominion of Canada and Newfoundland, so that the mortality is not subject to serious fluctuation. It is strictly a policyholders' company. It was organized exclusively for the benefit of its policyholders: It is operated in their interest and it is controlled by them. The whole surplus is used to reduce premiums, is paid in cash or increases the amount of their protection.

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THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA
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INVEST YOUR SAVINGS
**In a 5½ DEBENTURE of The Great West Permanent Loan Company**
5½% Interest Return
SECURITY
Paid-up Capital ........ $2,414,663.00
Reserves ........ 1,100,000.00
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to Estates being administered by it
PAID-UP CAPITAL AND RESERVE........ $1,212,725
**The Imperial Canadian Trust Co.**
EXECUTOR, ADMINISTRATOR, ASSIGNEE, TRUSTEE, ETC.
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BRANCHES: SASKATOON, REGINA, EDMONTON, CALGARY VANCOUVER AND VICTORIA

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on your car prevents Freezing, saves you Money and means an early start every Morning.
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**Canada Permanent Mortgage Corporation**
Toronto Street - - Toronto
31st December, 1921
Paid-up Capital ........ $ 7,000,000.00
Reserve Fund ........ 7,000,000.00
Unappropriated Profits ........ 271,136.60
Total Assets ........ 39,077,608.12
We cordially invite your deposit account and offer you the complete facilities developed during the sixty-seven years that we have been caring for the savings of many thousands of our citizens. One dollar or more will open an account.
Established 1855

# INSURANCE AND REAL ESTATE

## INEXPERIENCE OF AGENTS MAY LEAD TO DIFFICULTIES

### Some of The Problems Encountered by Fire Loss Adjusters

### CARELESS WORDING

### Proposals for Legislative Changes in Insurance Act —Closer Scrutiny on Part of Underwriters

By W. H. ADAMSON
Of Adamsons, Ltd., Toronto.

Years ago the companies' inspectors adjusted practically all losses, but it was found that this method interfered too much with the legitimate work of inspection, particularly as losses in Ontario became more numerous; and now nearly all losses are entrusted to independent adjusters. This latter method is also now being adopted largely by companies in the United States; although the practice still prevails there to some extent of the special agents of each company on the risk meeting and agreeing with the insured on the amount of the damage.

In connection with fire loss conditions, some of the difficulties that confront an adjuster may be outlined. Many of these are the result of carelessness or inexperience on the part of those writing the wording of the policies. This is much more prevalent to-day than years ago before agents were authorized to write their own policies, and most of the trouble arose in small places where the agent appointed had practically no insurance experience whatever. Difficulties arising from this source can no doubt be largely avoided by a little closer scrutiny on the part of the underwriters at the head office on receipt of the daily reports.

Another difficulty is where tenants moved at the termination of the improvements (which could not be removed at the termination of the lease,) are insured by the tenant. Both parties claim the amount of the loss on the improvements, and both no doubt have some ground for so doing.

Take a recent case where one company insured farm produce and another tobacco. Both policies were written through the same agency. There was only a small loss on farm produce (exclusive of tobacco), while the loss on tobacco was total. The assured's intention was, that the tobacco was to be insured separately from the other farm produce, and after the fire the companies agreed to give effect to this "intention," but legally the insurance on farm produce could have been brought in to bear part of the loss on tobacco.

Another illustration may be cited where a man owns and occupies a building himself. Frequently the lighting and sometimes other fixtures insured under the building policy, are also covered under the contents policy thus making it difficult for the adjuster, particularly where two sets of companies are involved.

**Double Insurance**

Then with reference to double insurance on property held under agreement of sale; the purchaser, having paid only a small amount down has an insurable interest to the extent of such payment, while the seller in whose name the title still stands, retains an interest and is covered by his policy. A case came under my observation recently where a property was sold under such an agreement, the seller having an insurance of $1,000 and the purchaser of $1,500. The house was valued at $2,000, and was a total loss, but the seller had been paid the amount due with the exception of a small balance of $75.00. Neither company knew of the insurance in the other, and the policies were of course taken out in different names. The adjuster for the company carrying the insurance for the purchaser wanted the seller's policy to contribute pro rata to the loss, contending that it was "other concurrent insurance," but the adjuster for the latter company objected on the ground that his company insured the seller, who only had an interest in the property of $75.00, which amount his company was prepared to pay. When property is being insured, care should be taken to ascertain in whose name the title to the property is actually vested, and if the intention is to insure a property purchased under agreement of sale, that fact should be clearly stated.

Several statutory changes should be made in the common interest. Among the points which should be dealt with is the meaning of condition No. 2—what constitutes "a change material to the risk." Must it be physical, such as the installation of an auto repair shop in a building occupied as a grocery, or would "vacancy" be considered a violation of this condition. Some judgments have been given on the question of vacancy but the meaning of the clause might in a few words be made more clear.

Then the 60 per cent. clause, respecting "other insurance without notice" would seem to call for some change, so that in the event of some companies having notice of other insurance and others not, any doubt as to the amount payable by the respective companies and the amount to be borne by the assured would be clearly defined.

An interesting case covering another phase of the 60 per cent. clause has just arisen, where a man had a stock valued at the time the insurance was placed of $20,000. One company gave permission for insurance up to 80 per cent. of the value, viz. $16,000, but in the meantime through decreasing values since the war, and fluctuation in amount of stock carried, the value at the time of the fire was only $15,000, and therefore the amount of insurance permitted under the policy referred to would be only $12,000. Could that company on the ground that there was "other insurance without notice" to the extent of $3,000 apply the 60 per cent. clause and pay accordingly?

## A HOUSE-BUILDING YEAR IN TORONTO

### The Outlook Throughout Canada Has Improved With The Turn of The Year

In his report on the building situation in Toronto last year, City Architect G. F. W. Price, points out that it might be called a house-building year as only one large structure, the Civic Arena, was erected. Mr. Price declares that the building industry in Toronto throughout 1921 maintained a strong steady stride towards normal activities with recognition of the necessity for improving housing conditions as a dominating factor. He comments on the need for office buildings to meet the requirements of commercial enterprise and warehouse accommodation for industrial expansion; there are also pressing needs for public buildings. Building permits in Toronto for the past ten years are summarized as follows:

| Year | Permits Issued | Buildings Erected | Value of Buildings Erected |
|---|---|---|---|
| 1912 | 7,173 | 10,217 | $27,401,761 |
| 1913 | 7,177 | 9,884 | 27,038,624 |
| 1914 | 6,600 | 8,927 | 20,694,288 |
| 1915 | 4,407 | 5,181 | 6,651,889 |
| 1916 | 3,936 | 4,753 | 9,881,671 |
| 1917 | 4,467 | 5,400 | 7,163,556 |
| 1918 | 4,353 | 5,293 | 8,535,331 |
| 1919 | 7,544 | 9,709 | 19,819,436 |
| 1920 | 7,378 | 8,574 | 25,784,732 |
| 1921 | 9,297 | 11,291 | 23,878,240 |

Pointing out that in Toronto, which leads all Canadian cities in building, 189 permits were granted in January compared with 91 in January 1921, the MacLean Building Reports predict that the present year should witness a spirited revival in residential building. The conditions in Toronto are similar in other large cities regarding the number of building permits for brick dwellings. For the whole of Canada contracts awarded during January amounted to $2,363,700 as against $1,283,500 in January of the previous year.

## MONEY NOT PLENTIFUL IN EASTERN CANADA

### Sydney Record Sees Little To Indicate Striking Decrease In Loan Rates

The Sydney Record, takes issue with the FINANCIAL POST, in regards to the latter's statement that plenty of money would be available at 7 per cent. in a short time for first class mortgages. The Record does not find large accumulations of money in Sydney and states that;

Whatever may be the conditions in Upper Canada, local loan companies see little to indicate any striking decrease in loan rates during the coming season. The money put into this field by outside companies is relatively limited and is based upon pre-war property valuation. If there are any "heavy accumulations" of it seeking investment, as indicated above, they are not apparent as yet and none of the companies are forced to go begging at cut-rates to get their loans placed.

**Local Money**

The same thing applies to local money with which most of the mortgaging in the city is financed. Agents handling this business report that there is, if not a scarcity, at least no over-supply of local money available and there is no occasion for local investors to offer attractive rates since there is plenty of demand to cover all the money offered at current rates.

Should the conditions forecast by THE FINANCIAL POST develop, and plenty of loan money be offered by outside companies at a general rate of 7 per cent., local money would be brought down to approximately the same level. But so far as agents operating in the city can forecast the situation there seems to be little likelihood, from the appearance of things now, of a cut in rates during the early part of the year at least. The amount of local money available largely determines the interest rate in the city, and with local money scarce it will require plenty of outside cash to swing the pendulum down.

### PERSIAN LAMB IN WEST

REGINA—An attempt to operate a Persian Lamb farm in Saskatchewan has begun. A company with a capitalization of $20,000 has been organized at Dollard, Sask., and a tract of 1,400 acres secured. One hundred and eighty-six pure-bred Karakul sheep, imported about a month ago, have been placed on this land.

## SUN LIFE PASSES HALF BILLION MARK

### Remarkable Increase In Business in Force During The Past Year

From Our Own Correspondent

MONTREAL.—For the first time the Sun Life Assurance Co., at its annual meeting on Tuesday of this week, was able to report insurance in force of over $500,000,000, the total being $536,718,130, an event unique in the history of life insurance companies in Canada. One year ago the total was $486,641,235, the net increase for the year exceeding $50,000,000.

**Statement of Accounts For Past Two Years**
**INCOME**

| | | |
|---|---|---|
| Life Premiums: | | |
| New | $3,434,564.20 | $4,399,262.39 |
| Renewal | 18,088,007.29 | 15,897,518.80 |
| Single Premiums | 875,978.23 | 653,567.47 |
| | $22,398,549.72 | $20,950,348.66 |
| Thrift Premiums | 31,188.99 | 36,411.80 |
| Annuities | 1,568,593.20 | 1,567,943.27 |
| Accident | 21.18 | 21.18 |
| Group Insurance | 146,699.62 | 67,904.24 |
| | $24,145,052.71 | $22,622,629.15 |
| Re-assurance | 46,860.43 | 44,102.77 |
| | $24,098,192.28 | $22,578,526.38 |
| Divid'n's on deposit | 10,152.05 | 6,854,526.38 |
| Interest and Rents | 6,899,832.39 | 6,073,714.72 |
| Receipts toward expenses on premiums advanced under non-forfeiture privilege | 98,872.44 | 92,482.46 |
| | $31,107,149.16 | $28,751,578.43 |

The annual statement shows net assets of $129,372,127 with total liabilities of $118,138,218. Surplus to policyholders by the Company's standard, $11,233,909; capital subscribed, $2,000,000; paid up, $850,000; net surplus over all Liabilities and capital stock, $10,382,909; surplus over all liabilities, except capital stock, $11,233,909. The mortality among policyholders was exceptionally favorable. In view of the fact that the volume of business on the books had increased so largely, a much larger amount than was experienced in 1920 was anticipated. The death claims, however, were actually $319,279 less than during the previous year.

The company reached a new high figure in the average rate of interest earned during the year in invested funds, of 6.07%. A large number of high class securities were obtained during the year, to yield a high rate of interest, and for long terms. This will contribute greatly to the earning power of the company in years to come.

It will be of interest to note the large sums invested in bonds and in other securities, some of the items being:

| | |
|---|---|
| **Bonds** | |
| Government, municipal, railway, gas, electric and other bonds, market value | $75,648,137 |
| Par value: $86,039,655. | |
| **Stocks—Preferred and Guaranteed** | |
| Par value | $16,125,200 |
| Market value | 12,444,032 |
| **Other Stocks** | |
| Par value | $ 4,143,100 |
| Market value | 4,872,427 |
| First mort. loans, real estate | 8,073,528 |
| Real estate | 5,676,551 |
| Loans on company's policies. | 16,567,115 |

### MONTREAL LOAN

### Some Decreases in Earnings Shown in Annual Report

While the net profits of the Montreal Loan and Mortgage Company for 1921 at $87,317 compared with $92,149 for 1920, they were almost equal to the $87,929 shown for 1919, and substantially above previous years. Interest paid on deposits and on sterling debentures was lower but there was an increase in expenses and in income taxes. Dividends took $78,000 and the remainder was added to the balance. Following are features of the profit and loss account:

| | 1921 | 1920 | 1919 |
|---|---|---|---|
| Income | $126,955 | $132,689 | $126,051 |
| Int. on dep. | 6,893 | 8,453 | 8,448 |
| Currency deb. | .... | .... | 375 |
| Spcl. interest. | 255 | .... | .... |
| Sterling debs. | 6,697 | 7,066 | 7,286 |
| Expenses | 16,132 | 14,820 | 12,998 |
| War tax | 1,226 | 1,252 | 1,254 |
| Income tax | 8,135 | 8,948 | 7,759 |
| | $39,638 | $40,539 | $38,120 |
| Net profits | $87,317 | $92,150 | $87,931 |
| Bal. forward | 50,573 | 36,424 | 64,494 |
| | $137,890 | $128,574 | $152,425 |
| Dividends | 78,000 | 78,000 | 60,000 |
| Reserve | .... | .... | 50,000 |
| Balance | 59,890 | 50,573 | 36,424 |
| | $137,890 | $128,573 | $152,424 |

The company's earnings record for the past seven years is indicated in the following summary:

| Year | Paid-up Capital | Net Profits | Div. | % av. Cap. | Earn. Rate |
|---|---|---|---|---|---|
| 1921 | $600,000 | $87,317 | 12+1 | 14.5 | 6.0 |
| 1920 | 600,000 | 92,149 | 12+1 | 15.3 | 6.6 |
| 1919 | 600,000 | 87,929 | 11 | 14.6 | 6.6 |
| 1918 | 600,000 | 85,963 | 11 | 14.3 | 6.4 |
| 1917 | 600,000 | 84,024 | 11 | 14.0 | 6.3 |
| 1916 | 600,000 | 81,229 | 10 | 13.5 | 6.3 |
| 1915 | 600,000 | 79,280 | 10 | 13.2 | 6.6 |

Total assets of $1,757,881 show a decline of about $17,000. Mortgage loans and cash balance are affected. There was some contraction both in deposits and sterling debentures outstanding.

### OTTAWA POWER COMPANY

Plans for a demand for hydro-electric power development in the Calumet channel of the Ottawa River at Bryson, Quebec, have been deposited by the Ottawa and Hull Power and Manufacturing Company, with the Minister of Public Works at Ottawa and the Land Registry Office at Quebec, disclosing the fact that the company is considering future expansion of its power development.

**The Western Empire**
Life Assurance Company
Head Office: 701 Somerset Bldg., Winnipeg, Man

Men of proven ability would do well to write for particulars of the Agency Contract the Company is prepared to offer. Several District Managers required to cover exclusive good territory at a number of Western points.

Branch Offices:
Saskatoon Calgary Vancouver
WILLIAM SMITH
Managing Director

**British America Assurance Co.**
Fire, Marine, Hail and Automobile Insurance
HEAD OFFICE - TORONTO
BOARD OF DIRECTORS: W. R. Meikle, President and General Manager; Wilfrid M. Cox, Vice-President; Sir John Aird, Robt. Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.
Assets over - - - $4,400,000.00
Losses Paid Since Organization, over - $50,000,000.00

**Western Assurance Company**
Fire, Marine, Automobile, Hail, Explosion, Riots, Civil Commotions and Strikes Insurance
Incorporated 1851
HEAD OFFICE. TORONTO, ONT.
Assets over - - - $7,900,000.00
Losses paid since Organization - - $81,300,000.000
BOARD OF DIRECTORS: W. R. Meikle, President, Wilfrid M. Cox, Vice-President, Sir John Aird, Robert Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper, (London, Eng.) H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major-Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.

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Hydraulic and Steam Power Developments
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*Manufacturers of*

COTTON FABRIC

MONTREAL TORONTO WINNIPEG

Western Canada Flour Mills Company
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A. KELLY *President*
J. E. MACFARLANE *Gen. Mgr.*
Head Office: Toronto
*Mills at*
Goderich Winnipeg Calgary
Brandon Edmonton Victoria
Daily Capacity—Flour, 10,000 barrels Rolled Oats, 1,000 barrels
*MANUFACTURERS OF*
PURITY FLOUR PURITY OATS

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# WOODS MFG. CO. WIPED OUT LOSS LAST HALF YEAR

## Operating Profit was $160,000 as Against Loss in Previous Year

## PROSPECTS BRIGHTER

### New Paper Bag Plant Satisfactory—Working Capital Over $1,100,000—Loss on Rupee

From Our Own Correspondent.

MONTREAL. — The report of Woods Mfg. Co., for the year 1921 divides itself into two parts: in the first half of the year the company was continuing to run behind as it had for the last three or four months of 1920, and there was a fair sized deficit piled up to overcome by the end of June. About the middle of the year there was a change; business improved, and during the latter half operations were so successful that the loss of the former period was wiped out, and the company earned its bond interest, its taxes, depreciation, and 70 per cent. of the preferred dividend. This left an amount of $175,000 to be drawn from the surplus to cover the balance of the preferred dividend, and the common dividend requirements.

This result is a marked improvement over that of the previous year when there was a net loss on operation alone of $412,000, and the reserve surplus had to be drawn on by $869,000 to meet interest, dividends and other deductions. The company goes forward into the new year with working capital of over $1,100,000, as compared with $1,354,000 one year ago.

As for the prospects before the coming year The FINANCIAL POST understands that the management is fairly well satisfied. The improvement that set in last year in every department has been maintained, and the earning power of the Company this year should stand up well, when relieved of the handicap of a loss in the early months as was tthe case last year. An interesting point in connection with the inventory is that from the first of January last year the rupee fell 40 per cent., which caused heavy losses on jute carried in stock, a commodity of which this Company imports 55% of the total brought into the country. It is also reported that for the last five months the paper bag plant established at Winnipeg has been in a strong position. The demand for bags is good for grain, sugar, cement, etc., and the Company is in the position of manufacturing all its fabrics for bags, tents, etc., at the Empire Cotton Mills, at Welland, Ont.

The profit and loss accounts for the past two years compare as follows:

**Profit and Loss Account**

| | 1921 | 1920 |
|---|---|---|
| Op. profit | $160,912 | *$412,324 |
| Depreciation | 67,824 | 123,158 |
| Bond interest | 22,050 | 23,850 |
| Sale Wpg. prop. | 89,874 | 12,596 |
| Bal. before dividends. | $ 71,018 | *$546,736 |
| Pref. dividend | 108,255 | 108,255 |
| Com. dividend | 137,488 | 214,825 |
| Deficit for year | $174,725 | *$869,816 |
| Prev. surplus | 515,848 | 1,385,664 |
| P. & L. Balance | $341,123 | $515,848 |

*—Deficit.

The balance sheet shows inventories down over $600,000, far below normal, and on the stocks on hand no no loss is anticipated this year. Bank loans also have been reduced almost an equal amount, and now stand at less than $400,000, and representing only about three weeks' supply of materials. The company is buttressed up by a depreciation reserve of $989,173, and a rest account of $500,000, as well as a surplus of $341,000. The various items in the working capital account compare thus:

**Working Capital Account**

| | 1921 | 1920 |
|---|---|---|
| Current Assets: | | |
| Inventories | $1,502,364 | $2,182,329 |
| Accts. receivable | 490,974 | 582,545 |
| Bal. from Wpg. sale | 86,250 | 100,000 |
| Investments | 11,863 | 196,119 |
| Cash | 5,498 | 22,918 |
| Total current | $2,096,949 | $3,183,911 |
| Current Liabilities: | | |
| Bank loans | 398,758 | 962,550 |
| Accts. payable | 509,706 | 857,371 |
| Bond interest | 8,750 | 9,500 |
| Total current | $ 917,214 | $1,829,391 |
| Balance, work. cap. | $1,179,735 | $1,354,520 |

At the annual meeting on Tuesday Major G. Sackville Browne, D. S. O. was chosen to succeed the late Senator Edwards on the Board, and J. W. Pyke succeeded Mr. Scott of Dundee.

### CANADIAN BRILL COMPANY

The annual report of the J. G. Brill Company, of New York, which indicates a large falling off in output last year when sales were only $7,647,898 compared with $17,537,293 in 1920, refers to the company's extension of activities in Canada. This involves the formation of the Canadian Brill Company, all the stock of which is owned by the J. G. Brill Company except directors' qualifying shares. The new company has an option to purchase the plant of the Preston Car and Coach Company at Preston, Ontario, which was put in operation in 1921. It now has sufficient work to keep running at full capacity. Referring to the outlook for 1922 an improvement is in sight, "as a large number of electric railways are considering seriously the purchase of cars which they badly need."

### CAPITAL TRUST CORPORATION

#### Enlarging Field of Activity Reduces Net Profits

Net profits of the Capital Trust Corporation for 1921, after making provision for cost of management and expenses of every kind, amounted to $20,209 compared with $27,256 in 1920. However, these figures hardly indicate the company's year which was one of continued expansion in practically all departments. It was this expansion in fact including the opening of an office in Toronto which resulted in increased operating costs and the reduction of net profits. During the year the capital account showed an increase from $610,879 to $617,302 and dividends took $21,842 compared with $19,528. In addition $15,000 was added to reserve and the balance was reduced from $54,530 to $37,897. Following is a summary of the profit and loss account for the past three years:

| | 1921 | 1920 | 1919 |
|---|---|---|---|
| Net profits | $20,209 | $27,256 | $26,375 |
| Bal. forward | 54,530 | 56,802 | 30,427 |
| | $74,739 | $84,058 | $56,802 |
| Dividend | 21,842 | 19,528 | ..... |
| Reserve | 15,000 | 10,000 | ..... |
| Balance | 37,897 | 54,530 | 56,802 |
| | $74,739 | $84,058 | $56,802 |

The expansion of the company's business activities is indicated in the following summary of various groups of accounts:

| Year | Capital Account | Guar. Account | Estates, Trusts, etc. |
|---|---|---|---|
| 1921 | $617,302 | $985,181 | $3,211,526 |
| 1920 | 610,879 | 779,351 | 2,719,350 |
| 1919 | 545,073 | 605,302 | 1,135,746 |
| 1918 | 450,777 | 448,335 | 1,060,680 |
| 1918 | 385,934 | 345,698 | 846,305 |
| 1916 | 334,496 | 249,172 | 707,046 |
| 1915 | 296,670 | 146,541 | 482,560 |

## ONTARIO EQUITABLE EXPANDING RAPIDLY

### Writes Total of $7,007,186 Business In Thirteen Months

At the close of 1921, thirteen months after the organization, The Ontario Equitable Life and Accident Insurance Company had a total of $7,007,186 business in force. The new business for the year amounted to $6,672,258, which speaks well for the aggressive policy of the company.

The assets amounted to $268,047, the larger part of which is made up of investments in high grade Government bonds, to the value of $202,047. These bonds have a market value of $12,390 in excess of purchase price. The surplus security to policyholders including $102,000 capital, totals $180,383.

The company being one of the youngest in Canada, experienced a very low death rate, paying only $6,500 in death claims. The sum of $101,103 was paid out in commissions and agency expenses, while advertising and office supplies accounted for $24,038. The directors of the company believe that a small dividend may be paid in 1923, if the mortality rate and business remains favorable.

Brazil is the greatest potential source of increased supply of long staple cotton. It is supposed to be original home of Sea Island and Egyptian cottons. Soil and climate are ideal, and yield is well over a bale an acre in spite of primitive methods of culture in use.

## RECORD OF DOMINION LIFE MAINTAINED

### Total Amount of Insurance In Force Increased $9,000,000 Over Previous Year

With a total of $16,342,375 of issued and revived business for the year as compared with $16,734,967 for the previous year, the annual report of the Dominion Life Assurance Company of Waterloo, indicates that the Company's record was well maintained. The earnings statement and balance sheet show considerable improvement. The total business in force stands at $53,175,830, an advance of $9,826,947 over the previous year.

The total net income at $2,072,702 compares with $1,879,880, for the previous year. Interest and rents total $396,310, annuities and sundries $2,471. The sum of $114,887 was paid out in profits to policy holders and death claims amounted to $212,339, compared to $213,684 of a year ago. This company in common with other Canadian life companies, experienced a very favorable mortality rate, being only 37 per cent. of the expected. The dividends paid out to shareholders was $25,600. General expenses consumed a total of $617,050 as against $601,872 of a year ago. Agency expenses accounted for $415,924 of this amount.

The surplus earned was $308,969, exceeding any previous year. The rate of interest earned was 7.12 per cent. The gross assets are $7,135,695 in comparison with $6,167,935 for 1920. The reserves have been increased from $5,240,657 to $5,954,778. Government bonds carried by the company amount to $2,000,976 and mortgages to $3,447,638.

The Reichsbank has now completely resumed its former business relations with the Bank of England, the Bank of Holland and the Federal Reserve Bank. Negotiations to like end are pending with the National Bank of Switzerland the Swedish Reichsbank, the National Bank of Denmark, and the Bank of Italy.

Your Finances

The Man who Saves

At age 19 his bills exceed his income.

At age 21 his Canada Life Policy creates a gap between income and expenditure.

At age 35 his "bills" include a "premium due" which checks extravagance.

At age 50 he can "afford" anything in reason.

At age 60 he has no anxiety for the future, and leisure for his many interests.

A man who sets aside only $200 each six months and allows it to compound at 5½% interest will have at the end of thirty years a total fund of—

*Thirty Thousand Dollars*

You know many people who *could* set aside $200 each six months. But—

Many a man who has had time to accumulate this moderate fortune, is still "drudging along" without it. For this reason:

Very few men will systematically "put by" a certain definite sum, and leave it untouched for any reasonable length of time. Human nature is seldom built that way.

*The Canada Life Plan*

Our insurance policies will provide any sum you name, to be delivered to you in cash at any age you desire or to your Beneficiary should you die in the meantime.

You can thus anticipate the years, *capitalize* your present health and earning power, and make certain of many years' progress *now.*

The Endowment at 65

issued by the Canada Life will solve the problem of your Future.

*It is a Certainty*

The full amount of your Policy will be paid in any case, whether you live or die. Other investments may depreciate in value or fail. *The Endowment is a certainty.* The guarantee will take care of your home, or your business, or your personal interests, as nothing else can.

*Profits Will Hasten Maturity*

A special clause in this Policy provides that if the profits be allowed to remain at your credit each year instead of being withdrawn, the face of the Policy will be payable to you some years before you reach age 65.

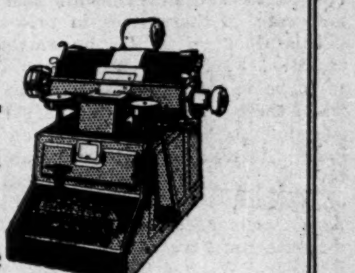
Whatever your circumstances may be later on in life, you will welcome this fund of a few thousand dollars. You may need it then.

*Ask for particulars*

Canada Life
Assurance Company
TORONTO, Canada

— — FILL UP — — CUT OFF — — — MAIL TODAY — —
Canada Life Assurance Company,
Dear Sirs—Without obligation on my part, please send me particulars of your "Endowment at 65".
Name
Address
Born day of 1
12

A MACHINE which can be kept busy all the working day is a better investment than one which is idle most of the time.



¶ The Dalton *Super Model* is more than an adding machine. It is an *adding, calculating, statement, ledger-posting machine.*

¶ Simple in operation, anyone can use it—on any figure work. *It need never be idle.*

¶ It adds—faster than any other, because of its simple ten-key keyboard operated by the touch method.

¶ It subtracts *automatically,* at the touch of a key. It multiplies---fractions as readily as whole numbers ---also at the touch of a key.

IS not such a Machine a good investment for any business?

Dalton
Division of United Typewriter Company, Limited, Toronto
135 Victoria Street

IT is well named *Super Model,* combining as it does, the functions of four machines in one. It will be cheerfully demonstrated in your office *on your own work.*

Phone Main 7834

HIS MARK

# CONFERENCE AT GENOA WILL NOT BRING NORMACLY

## Sir Charles Gordon Says We Will Not Get Back to Pre-war Position

## A CURRENCY PROBLEM

### Effort Will Be Made To Get European Countries Back to a Sound Financial Basis Again

By Sir CHARLES GORDON
In Address to Merchants and Buyers at The Textile Products Exhibition, Toronto.

We must have manufacturing as well as agriculture, one cannot be separated from the other and must go hand in hand. Nor can we expect when we bring all classes to Canada as emigrants that we will be able to hold them from going across the border if we cannot supply them with work and wages equal to what they will find there.

When I was Deputy Minister of the War munitions board at Washington I spent $1,000,000,000 for supplies, without competition, I even had to wish it on them then for they were so busy. All those conditions have long since disappeared and to get at the root of the trouble to-day we must go back to pre-war days. It is because of the pre-war conditions that we have so many ailments to-day. Nor should we give manufacturers any idea that there is a panacea for all their present troubles.

**The Demands of Labor**

Almost every country had developed those industries which were most suited to them. They were no longer self-contained but were interdependent one upon the other. Generally speaking they exported their surplus products and imported those products which they were in need of. The financial arrangements were not difficult—no country could import goods without paying for them in their own products. Social conditions were also very highly developed; When I say social conditions, I include labor—labor formed into powerful unions, who demanded what wages they liked.

Then war broke out!—Those countries which depended upon others found themselves without the commodities which they needed to carry on the war. Some countries it is true built up their industries by artificial menas—by means of the high tariff—but the larger number of the nations had to borrow, chiefly in the United States. This created an artificial position the world over, as the result of which we will never get back to that pre-war position, it will never come back.

**Results of Inflation**

The result of the inflation of the world's currency, in which we made the mistake of thinking was real prosperity, was that less goods were being developed, waste was on every hand, led us to believe that we were getting rich—we were, on paper. Then we entered the vicious circle of prices going up, labor was scarce and demanded higher wages; this forced up the price of commodities, hand in hand came a rise in credit. The banks and governments had to take care of these rises in prices.

This went on until the currency condition of Europe became so bad as to be almost impossible for us to trade there. It is for this very reason that the coming Geneoa conference is to take place, to make an effort to put the European countries on a sound basis once again. Prosperity cannot come to us in full measure until we set our own house in order. We too, have our own difficulties, railroads, tariff and in a much less aggravated form our financial condition. Our financial condition, with the exception of the United States, is in a sounder position than any country in the world today; our gold reserves in comparison to the circulation shows this.

Any business which is on a firm foundation to-day can expect good day-to-day return and have no reason to look forward to any trouble. But we must look to our overhead, our expenses have got away with us. We must all tackle the cost of delivering our goods. Besides the consumption of goods is much curtailed. Get back as near to pre-war conditions and the outlook will steadily improve.

### TORONTO CAS. AND MARINE

The first report of the Toronto Casualty and Marine Insurance Company was placed in the hands of the shareholders this week. The total income from all sources is $167,089, against disbursements of $94,477. The deposit with the Provincial government amounts to $51,000 and the surplus to policyholders is placed at $77,725.

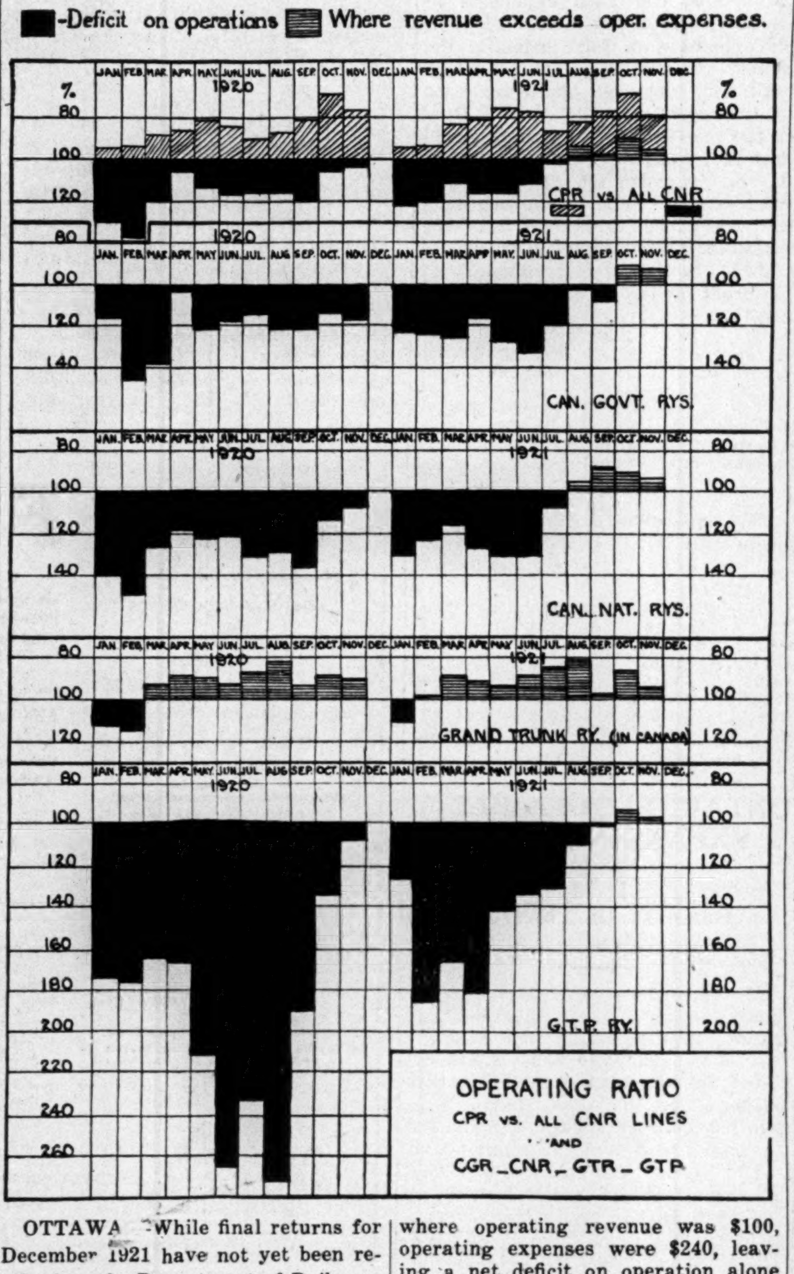
**After serving as manager of the Windsor branch of the Molsons Bank since the opening of the branch three years ago, H. E. Bleber has been transferred to the branch at Bedford, Que., and will be succeeded at Windsor by W. James, of Montreal.**

# Our National Railways

## Marked Improvement in Past Two Years in Relation of Revenue to Operating Expenses

### Deficit at Least $15,000,000 Less in 1921

From Our Political Correspondent.



OTTAWA.—While final returns for December 1921 have not yet been received by the Department of Railways The FINANCIAL POST is able to state that up to Nov. 1921—for eleven months of the year—there was a relative improvement of $15,000,000 over the previous year; the operating revenue was that much nearer covering operating costs than in 1920.

The chart itself illustrates the situation graphically; the black portions representing the extent to which operating expenses exceeded operating revenue. Where the Grand Trunk Pacific stands at 140, it means that where operating revenue was $100, operating expenses were $240, leaving a net deficit on operation alone of $140.

The monthly records show a gradual improvement, the G. T. P. even getting above the line in October and November 1921; that is operating revenue was $2,146,417 and $2,229,000 respectively against operating expenses for the two months of $2,025,704 and $2,186,000 respectively.

An interesting comparison is shown of the Canadian Pacific vs. all the Canadian National Railways.

Below appear the official records of all four divisions, month by month.

**CAN. GOVT. RAILWAYS**

| | 1920 | | 1921 | |
|---|---|---|---|---|
| | Revenue | Expenses | Revenue | Expenses |
| Jan. | 3,194,435 | 3,702,613 | 3,527,304 | 4,347,728 |
| Feb. | 2,625,902 | 3,831,828 | 3,526,657 | 4,367,491 |
| Mar. | 3,344,659 | 4,579,923 | 3,595,143 | 4,538,904 |
| Apr. | 3,366,74 | 3,482,563 | 3,363,072 | 3,915,994 |
| May | 3,071,611 | 3,753,419 | 2,914,972 | 3,728,949 |
| June | 3,268,741 | 3,877,197 | 2,859,896 | 3,811,205 |
| July | 3,706,663 | 4,215,233 | 2,988,551 | 3,547,378 |
| Aug. | 3,628,861 | 4,424,289 | 3,366,391 | 3,436,475 |
| Sep. | 3,972,248 | 4,849,866 | 3,615,200 | 3,774,282 |
| Oct. | 4,783,391 | 5,438,837 | 3,812,672 | 3,533,685 |
| Nov. | 4,969,000 | 5,824,000 | 3,831,000 | 3,575,000 |

**GRAND TRUNK PACIFIC**

| | 1920 | | 1921 | |
|---|---|---|---|---|
| | Revenue | Expenses | Revenue | Expenses |
| Jan. | 1,008,790 | 1,746,117 | 1,441,225 | 1,813,983 |
| Feb. | 8,882,759 | 1,553,576 | 1,013,712 | 1,872,945 |
| Mar. | 1,038,475 | 1,694,035 | 1,007,499 | 1,664,227 |
| Apr. | 918,291 | 1,514,948 | 908,146 | 1,645,915 |
| May | 875,476 | 1,861,131 | 965,762 | 1,373,612 |
| June | 915,414 | 2,431,567 | 1,109,053 | 1,488,366 |
| July | 1,066,235 | 2,477,851 | 1,085,358 | 1,423,516 |
| Aug. | 1,039,31 | 2,834,741 | 1,348,911 | 1,488,745 |
| Sept. | 1,200,903 | 2,283,497 | 1,585,283 | 1,601,059 |
| Oct. | 1,612,681 | 2,165,474 | 2,146,417 | 2,025,704 |
| Nov. | 1,797,000 | 1,885,000 | 2,229,000 | 2,186,000 |

**GRAND TRUNK**

| | 1920 | | 1921 | |
|---|---|---|---|---|
| | Revenue | Expenses | Revenue | Expenses |
| Jan. | 5,119,548 | 5,743,858 | 6,187,539 | 6,886,931 |
| Feb. | 4,518,477 | 5,209,333 | 5,468,732 | 5,439,039 |
| Mar | 5,792,417 | 5,393,557 | 6,211,920 | 5,584,720 |
| Apr. | 5,831,845 | 5,180,056 | 5,659,812 | 5,241,106 |
| May. | 6,098,104 | 5,492,794 | 5,957,778 | 5,596,194 |
| June | 6,622,882 | 6,166,135 | 6,672,765 | 5,919,063 |
| July. | 7,425,660 | 6,562,019 | 6,568,693 | 5,620,730 |
| Aug. | 7,562,858 | 6,219,932 | 7,472,693 | 6,084,883 |
| Sept. | 8,059,270 | 7,558,193 | 7,240,823 | 7,085,570 |
| Oct. | 8,385,834 | 7,475,822 | 7,132,231 | 6,210,918 |
| Nov. | 7,832,000 | 7,142,000 | 6,531,000 | 6,188,000 |

**C.N.R. SYSTEM**

| | 1920 | | 1921 | |
|---|---|---|---|---|
| | Revenue | Expenses | Revenue | Expenses |
| Jan. | $4,151,887 | 5,824,170 | 5,851,220 | 7,538,786 |
| Feb. | 3,666,759 | 5,506,515 | 5,575,782 | 6,861,337 |
| Mar. | 4,892,576 | 6,173,464 | 5,812,789 | 6,746,912 |
| Apr. | 4,888,507 | 5,799,829 | 4,994,025 | 6,327,739 |
| May. | 4,718,730 | 5,760,002 | 4,427,993 | 5,742,052 |
| June | 5,177,133 | 6,201,928 | 4,295,881 | 5,536,771 |
| July | 5,165,243 | 6,772,117 | 5,027,916 | 5,448,013 |
| Aug. | 5,213,389 | 6,668,055 | 5,027,916 | 5,448,013 |
| Sept. | 5,928,840 | 8,108,905 | ,247,752 | 5,473,618 |
| Oct. | 7.209.166 | 8.210,970 | ,811,315 | 6,170,588 |
| Nov. | 7,733,000 | 8,316,000 | 6,757,000 | 6,322.000 |

# APPOINTMENTS BY GOVERNMENT OF GOOD MEN HELPS

(Continued from page 1)

poorest wage-earner is contributing by indirect taxes on his food and everything else he buys. The Harding Government conscripted General Dawes, an experienced business man of the Flavelle-Larkin type. The General made a great hit in the war when he was put in charge. The allied armies had rush orders for millions of dollars' more urgent supplies—about $100,000,000, if we remember aright. He held them up until he made some investigations which showed him there was no great hurry for them. From what he saw, he said, he did not think they were needed at all. Instead he proposed a similar concentration of allied supply departments as had been done of the fighting units under Foch. Of course there was a near mutiny among the great Quartermasters-General and their subordinates. Dawes knew from experience this would happen. Foch supported him and the scheme went through. The results were that this $100,000,000, fresh supplies were not needed; in fact there was a surplus and the Allies were better supplied than at any time during the war, and an enormous saving from that time on was effected. The General, dropping his business, plunged into the work. At Washington he met the Cabinet and was told what was expected of him; that he was to be responsible only to the citizens of the U. S., that no Cabinet Minister or other politician had power to interfere. The result has been that in nine months—the good work is still going on—he had cut post office deficiencies of more than $130,000,000 to $48,000,000 in 1921, and these will be further reduced to $21,500,000 in 1922. The Department of Agriculture has followed with a reduction of costs from $62,000,000 in 1920 to $48,600,000 in 1921 and this year it will be $47,000,000. The Department of Commerce expenses will drop from $30,000,000 to $20,000,000; of Labor from $8,500,000 to $6,300,000; the Shipping Board from $131,000,000 in 1920 to $74,000,000 in 1921 and $50,000,000 in 1922; the War Finance and Grain Corporations, and so on, from $83,500,000 to $17,000,000; the Treasury Department from $476,000,000 to $169,000,000; the War Department from $1,100,000,000 in 1920 to $389,000,000 in 1921 and to $370,000,000 in 1922; the Navy Department from $650,000,000 in 1920 to $479,000,000 in 1921 and to $432,000,000 this year. In round numbers, the total ordinary expenditures of the United States have, under the direction of a capable, experienced man, been reduced more than $2,750,000,000.

The job needs a man who has had experience in cutting out wastes in big concerns. There are a number such men in Canada. The foundations have been laid by the Griffenhagen investigations.

**Increasing Our Incomes**

We must not only reduce expenses by cutting out wastes and luxuries but we must make more money this year. The land—animals and crops—is by far our best source of income. Profitable crops—and the outlook is for higher prices this year than last—mean more money, more goods sold, more building, more luxuries, better living. We need to conscript another Flavelle, Larkin or Dawes and he must get to work quickly. Perhaps the new Minister of Agriculture is the man. At any rate he is the man responsible. He must inspire the farmers to vastly greater money-making production this year and next. But it must be done on a business basis, not by the silly childish plan of 1915 when the farmers were treated as ignorant boys in a charity Sunday school by a corps of city exhorters. But they responded splendidly to the nation's call in spite of this offensive treatment. Proper organisation that will show the farmer the most profitable direction in which to work; get him his supplies, and labor on the lowest basis and encourage local banks to advance money for seed and necessary supplies would add hundreds of millions to our national income.

**Finding New Markets and Preferences**

The next step is the finding of and arranging for the most profitable markets and big buyers for our products and cheap, efficient freights to them. It is possible to organize so effectively that we can reasonably assure our farmers of more profitable prices than he otherwise would get. Our new Minister of Trade, Hon. Mr. Robb, knows farm problems and farm markets better than most men. He is at work now on plans that should bring quick returns; i.e. in increased buying of Canadian products by preferential trade arrangements. But we business men, financiers and workers will have to give him a lot of help and co-operation to get the big results.

We are not pessimistic. Present conditions, if serious, are encouraging. Good crops in 1922 are very important—mighty important to many Canada is satisfactory if city conditions are bad. At the moment many industries, contractors and mechanics are being jacked up and misled by stories of big building programmes—which would mean very much. But we can find no facts to warrant any such optimism. Speculative builders are beginning to find that clerks and mechanics on reduced salaries or out of work are not buying houses and there is already a marked slackening of plants. Present indications are for much less building in the big centres, and the increasing unemployment suggests the movement of all possible workmen to the rural districts.

8% for 20 years

We own and offer an exceptionally well secured twenty-year First Mortgage Sinking Fund Gold Bond.

Coupon Bonds of $1,000, $500, $100 denominations. Interest half-yearly.

A charge against the assets of one of the soundest industrials in Canada.

Particulars on request.

Rogers Securities
CORPORATION, LIMITED
Investment Bankers
35-37 King St. W., Toronto

# BANK OF MONTREAL APPROVES OF MERGER

## Negotiations Are Approved of By Shareholder's Unanimous Vote

The shareholders of the Bank of Montreal, at a special meeting this week, approved of the agreement between that bank and the Merchants Bank, by an unanimous vote. By this vote, provided the necessary sanction is granted from Ottawa, the Merchants Bank will receive $1,050,000, which represents $10 cash per share of the Merchants Bank and in addition will receive one share of the Bank of Montreal, for every two shares of the former bank.

Sir Vincent Meredith in explaining the directors' reasons for entering into negotiations with the Merchants Bank said:

"During the course of the negotiations the condition of the Merchants Bank was laid before the Minister of Finance. As he was convinced it was in the public interest, in order to prevent financial distress or panic, his formal consent to the absorption was given on the 16th December last.

"The acquisition of a large number of Branches in districts where we have not been widely represented, particularly in the Western Provinces, will round out our Branch system and, with the added facilities that will be available both to our own clients and those of the Merchants Bank of Canada, your Directors are confident that the business of the Bank will develop and the acquisition of the Merchants Bank will prove advantageous to the community at large and to you as shareholders.

"After giving the matter full and careful consideration, we felt it our duty to prevent the collapse of the Merchants Bank of Canada because of the adverse effect on business in Canada and the detriment generally to Canada's credit that would without doubt have followed. I think you will agree with me it is a matter for congratulation that the Bank of Montreal was in a position to act as we did in the circumstances, for the general good and in the eventual best interests of the shareholders of the Bank of Montral."

The Grand Trunk with a total of $1,906,303 showed a falling off of $132,293 or 6.4 per cent.

# Appraisal Value of Canada Steamship Vessels More Than Three Times Market Prices

An inquiry into the status of Canada Steamship Lines would not be complete without some reference to the heavy depreciation that has taken place in the market price of vessels. Not so much the shipyard price—the renewal price—for the average shipyard would not for a moment undertake to compete with the prices at which vessels could be purchased in the open market. The new Dominion Government considered this in cancelling the contract for an ice-breaker, and arranging to buy one instead, at a saving of at least one-half. Yet in figuring on the value of an inventory a concern accepts current market quotations.

Reference was made in last issue to one boat, nearly sixty years old, appraised at over $400,000. A fair valuation would seem to be about $100,000, or about one-quarter. Another boat, appraised in the $29,000,000 valuation at $695,000, might be supposed to have a market value of $300,000. A similar one sold a couple of months ago for $171,000.

The investigation that is being undertaken of the Company's fleet seems hardly likely to repeat the valuation of $29,000,000, as set down in the latest bond prospectus of the Company, in view of the sample list given below—of steamships, vessels, their valuation, and side by side, the record of the sale of similar vessels, made last year, run as low as one-fifth, or even one-eighth of the C. S. L. figures.

| C. S. L. Vessels | | | | | | Similar Vessels | | | | | | C.S.L. Vessels |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Type | Appraised Value | Dimensions | Built | D. W. | Name | Dimensions | Built | D.W. | Sold | When | Suggested Market Value |
| Collingwood | Laker | 695,000 | 386x50x23 | 1907 | 7,400 | Pendragon | 385x49¾x28.10 | 1908 | 7,500 | $171,000 | Dec. 1921 | $300,000 |
| Emperor | Laker | 895,000 | 525x56.1x27 | 1910 | 11,500 | Castle Oldekerk | 470¼x60¾x28½ | 1915 | 11,700 | 346,500 | Aug. 1921 | 500,000 |
| Midland King | Laker | 450,000 | 366.5x48x28 | 1903 | 6,500 | Waddon | 340¼x47x24.3 | 1904 | 6,400 | 83,250 | Jan. 1922 | 200,000 |
| Cadillac | Canaller | 145,000 | 230x37x19 | 1892 | 1,900 | Corsurf. | 255x35¼x16½ | 1896 | 2,250 | 22,500 | Dec. 1921 | 20,000 |
| Haddington | Canaller | 250,000 | 243x42x18 | 1904 | 2,700 | Neebing | 248x42x25 | 1903 | 2,900 | Offered<br>127,500 | Dec. 1921 | 125,000 |
| Belleville | Paddle | 80,000 | 200x28x11 | 1865 | 350 | Princess Henriette | 300x38x13½ | 1888 | ..... | 18,000 | Jan. 1921 | 15,000 |
| City of Hamilton | Pack. Freighter | $121,500 | 220x33 | 1871 | 1,350 | Turret Crown | 253x44x19½ | 1895 | 3,200 | 22,500 | Sept. 1921 | 16,000 |
| Quebec | Pass Paddle | 410,000 | 311x64x12 | 1865 | ..... | Princess Henriette | 300x38x13½ | 1888 | ..... | 18,000 | Jan. 1921 | 100,000 |
| | | | | | | | | | | | | 150,000 |
| Rapids King | Pass T. S. | 414,000 | 239x4x9.5 | 1907 | | | | | | | | |
| Canadian | Canaller | 256,000 | 248.3x43x22.8 | 1907 | 2,800 | Saskatoon | 252x42.8x18.6 | 1910 | 2,500 | Offered<br>139,500 | Oct. 1921 | 125,000 |
| Lord Dufferin | Ocean Cargo | 218,000 | 400x48.7x28.6 | 1898 | 2,330 | Ismaila | 410½x50¾x29 | 1900 | 8,300 | 76,500 | Dec. 1921 | 65,000 |
| Glenmount | Laker | 145,000 | 291x41x18.4 | 1887 | 3,850 | San Guilo | 265¼x38¼x19 | 1891 | 2,870 | 18,000 | Dec. 1921 | 30,000 |

Total Appraised Value........$4,089,500

Total Suggested Market Value .....$1,646,00

NOTE:—The above suggested market values are approximate only. To obtain a reasonably accurate estimate it would be necessary to inspect the vessels, and to go into the matter at greater length. The above merely indicates approximately the difference which is likely to be found between the appraised values and present market values, if an appraisal on the latter basis be made.

BANK OF MONTREAL

NOTICE is hereby given that a DIVIDEND of THREE per cent., upon the paid-up Capital Stock of this Institution, has been declared for the current quarter, payable on and after Wednesday, the FIRST day of MARCH next, to shareholders of record 31st of January, 1922.

By order of the Board,
FREDERICK WILLIAMS-TAYLOR,
General Manager.
Montreal, 20th January, 1922.

The Canadian Bank of Commerce

Dividend No. 140

Notice is hereby given that a dividend of three per cent. upon the capital stock of this Bank, being at the rate of twelve per cent. per annum, has been declared for the quarter ending 28th February next, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st March, 1922, to shareholders of record at the close of business on the 13th day of February, 1922.

By order of the Board,
JOHN AIRD,
General Manager.
Toronto, 20th January, 1922.

The Royal Bank of Canada

DIVIDEND No. 138

NOTICE is hereby given that a dividend of three per cent. (being at the rate of twelve per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Wednesday the first day of March next, to shareholders of record at the close of business on the 15th day of February.

By order of the Board.
C. E. NEILL,
General Manager.
Montreal, Que., January 17, 1922.

BANK OF HAMILTON

DIVIDEND NOTICE

NOTICE is hereby given that a dividend of three per cent. (twelve per cent. per annum) on the paid-up capital of the bank, for the quarter ending 28th February, has this day been declared, and that the same will be payable at the bank and its branches on 1st March next, to shareholders of record at close of business February 18th.

By order of the Board,
J. P. BELL,
General Manager.
Hamilton, 23rd January, 1922.

COMMUNE BONUM

—for the good
of the community.

THE CONSUMERS' GAS COMPANY OF TORONTO

CALL FOR TENDERS

for the Purchase of Certain Shares of the Capital Stock

TENDERS will be received by The Consumers' Gas Company of Toronto at its office, 19 Toronto Street, Toronto, until nine o'clock a.m. of the 6th day of March, 1922, for the purchase of one hundred and fifty shares of the Capital Stock of the said Company, having a par value of fifty dollars and a total aggregate par value of seven thousand five hundred dollars, and being the shares of persons who at one p.m. of the 4th day of February, 1922, continued to hold respectively only one fifty-dollar share.

EVERY tender shall be for two of such fifty-dollar shares or any multiple of two and shall be in writing and enclosed in a sealed envelope marked "tender for shares" and addressed "The Consumers' Gas Company of Toronto, 19 Toronto Street, Toronto," and the full name, address and occupation of the tenderer shall be given.

AN accepted cheque on any of the Chartered Banks of Canada payable at par in Toronto for the full amount payable in respect of every tender shall accompany the tender.

TENDERS may be accepted at any time before five o'clock p.m. of the 10th day of March, 1922, and notice of the acceptance thereof shall be deemed to have been properly given if given in writing by prepaid registered post addressed to the tenderer at the address given in the tender and mailed in the Post Office at Toronto not later than three days after the said tenth day of March, 1922.

EVERY tenderer whose tender is accepted shall be entitled on payment of the amount tendered to one one-hundred-dollar share for every lot of two fifty-dollar shares purchased.

ANY cheque accompanying any unaccepted tender will be returned to the tenderer by mail.

DATED at Toronto this 9th day of February, 1922.

THE CONSUMERS' GAS COMPANY OF TORONTO

ARTHUR HEWITT
General Manager

# TRADE WITH NEW ZEALAND TO GROW UNDER NEW TARIFF

### Despite Fact That Lumber Products Are Not Affected

## TO HELP INDUSTRY

### American Manufacturers Expected to Locate Plants in Canada to Benefit by Preference

**From Our Own Correspondent.**

VICTORIA.—Although lumber, the principal commodity figuring in British Columbia's exports to Australasia is not affected by the new tariff recently adopted by the New Zealand parliament, changes have been made respecting the duties on other articles of trade which are expected to lead to the development of a greater volume of business between Canada and her sister dominion in the southern Pacific.

Last year Canada's exports to New Zealand totalled about $7,500,000, practically double what they were five years ago. Hugh Dalton, secretary of the British Columbia branch of the Canadian Manufacturers' Association has received a tabulated list showing just how the new tariff will affect the principal articles of commerce that may be furnished New Zealand by Canada.

The tariff list covers the great proportion of goods produced in Canada and an examination of it shows to what extent the manufacturers of the Dominion will have an advantage in the New Zealand market over commodities of a similar nature produced for instance, in the United States. The Canadian preference over United States products runs from 25 to 100 per cent., and in a large number of cases the commodities from this country are allowed in free.

### To Help Industry

The export trade to New Zealand from Canada is bound to be greatly stimulated by the new preference, declare manufacturers here. Another development that is to result, and which, as a matter of fact, has already taken place in many instances, is the establishment by foreign manufacturers of plants in Canada from which they can ship goods on which they can enjoy the Canadian preference. On motors, including tractors driven by gasoline, and motor cycles, the British and Canadian preference tariff in New Zealand is 15 per cent. whereas the general tariff under which American goods would be admitted is 25 per cent. In order to take advantage of the lower Canadian tariff, some of the auto manufacturing concerns have already established plants in Canada, and the same course of action is expected to be followed by firms manufacturing machinery for which there is a demand in New Zealand.

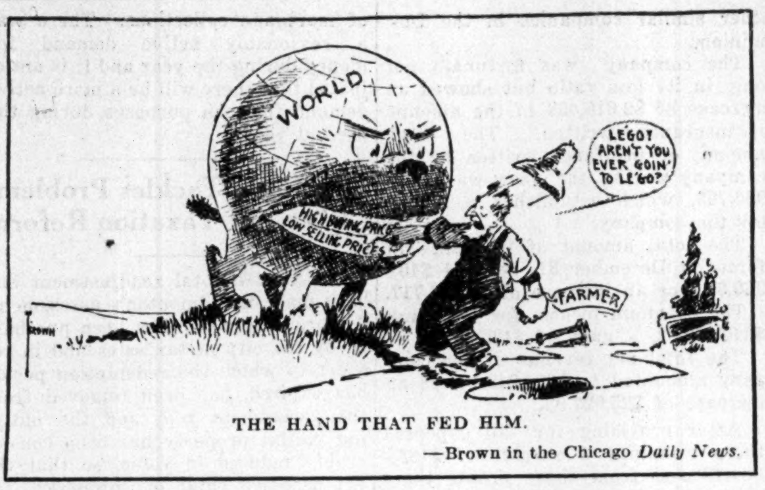
On fish, potted and preserved, including shell fish, a 50 per cent preference is offered while at certain periods of the year there is an equal preference shown in the importation of Canadian fresh pears and apples. In fruits preserved in juice or syrup, the Canadian preference tariff is 25 per cent. ad valoreum, and the general tariff 40 per cent. There is a 100 per cent. preference for Canadian honey, the tariff on the supplies sent from Canada being two pence per pound as against four pence per pound from the United States.

Some of the other commodities on which the tariff on Canadian goods is 25 as against 40 per cent. from any foreign country include—milk and cream, preserved, evaporated or dried milk and milk products, bags and sacks of textile or felt if printed, ready-made clothing, hats and caps in any stage of manufacture, millinery of all kinds, trunks, travelling bags and such commodities, glass and mirrors, paper bags of all kinds, envelopes, tinware and tin manufactures, furniture and cabinetware, etc.

Among Canadian commodities admitted free of duty as against a tariff of from 10 to 25 per cent. on foreign goods are salt, sugar, treacles, molasses and syrups, confectioners' moulding starch, potato flour, rice flour, arrowroot, sago, cornflour, several anaesthetics and disinfectants, glycerine, sewing cottons, silks and threads, waterproof materials in the piece, having within or upon it a coating of India rubber; also leather, cloth and oil baize, felt piece goods, felt textures, elastic of all kinds, boots, shoes, slippers, rubber tires and inner tubes of pneumatic tires, bottles, window glass, paper of various kinds, and many kinds of metals and machinery.

## PAYING FOR POLITICS

REGINA.—Two thousand dollars a constituency is the estimated cost to Progressives of the recent federal election campaign in Saskatchewan. There are sixteen constituencies in the province, fifteen of which elected farmer candidates. Contributors to the funds of the farmers' party numbered 46,335. Central office expenses cost the party $20,000.



THE HAND THAT FED HIM.

—Brown in the Chicago *Daily News*.

# To Develop Power in States by Private Capital and Enterprise

### Weaknesses of Public Ownership Recognized By Those Who Would Carry Out Great American Power Undertaking.—W. S. Murray Agrees

**By H. E. M. KENSIT, M.E.I.C., M.A.I.E.E.**

The time is probably not distant when there will be superpower undertakings in Canada, not merely or even mainly for the purpose of supplying power but even more for the purpose of securing the great national economies that can thus be made in saving of coal, transportation and labor and in reduction of the total power required to do the same work.

It is therefore of considerable interest to examine the conclusions reached by the exhaustive Superpower Survey recently completed by the United States Government. For this purpose that Government employed or consulted on a large scale with the highest legal, financial and engineering talent in the country—in fact the length and brilliance of the published list almost leads to the conclusion that it must contain nearly everybody who is anybody in those lines in that great country!

The general conclusion reached by the Survey is that engineering difficulties do not exist, that there is nothing in the project that has not already been done, and it has in fact, received the unanimous endorsement of Engineering Council representing the American Institutes of Electrical, Mechanical, Civil and Mining Engineers, and it is agreed that the difficulties to be met are legal and financial. The engineering aspects have been already discussed in the technical press and it is the intention to here review and summarize some of the leading opinions on the legal and financial aspects of the project.

I will be as well to first review as briefly as possible the steps taken to carry out the investigation, the scope of the inquiry and the nature of the capital investment involved.

The Sundry Civil Appropriation Act for the year 1921 authorized an appropriation of $125,000 under the United States Geological Survey for: "the special investigation of the possible economy of fuel, labor and materials resulting from the use in the Boston-Washington industrial region of a comprehensive system for the generation and distribution of electricity to transportation lines and industries and the preparation of reports thereon."

It is also provided that: "The Secretary of the Interior is authorized to receive any sums that may be contributed for this purpose," and it is of considerable interest to note that under this clause: "$26,000 was contributed by 36 corporations and individuals representing utilities and industries in the zone."

### Scope of Investigation

The scope of the investigation may be briefly summarized thus. It covers the area between Boston and Washington, about 450 miles long by 100 to 150 miles wide, containing some 45,000 square miles and 25,000,000 population, 96,000 industrial plants, 558 electrical utility plants and 18 railroads totaling 36,000 miles of single track of which 19,000 miles could be profitably electrified. The region is less than 5% of the area of the United States but contains 70% of the total industrial development and uses 40% of the total coal consumption.

The combined capital investment for public utilities and industrial plants by 1930 would be $1,294,560,000, of which $416,346,000 will represent the value of existing facilities for generation and transmission to be incorporated in the system and it is estimated that this investment will yield annually 33% above the fixed charges. Electrification of the railroads would cost $570,000,000 and give an annual return of 14.2%

The Final Report recently issued lays much stress on the point that the rights and properties of all existing public utilities shall be respected. For instance it states that:—

> "A prime object to be attained in the superpower plan is the maximum economic utilization of existing generation and transmission equipment. The superpower system would and should fail to achieve its purpose if it should seek to supplant or to even compete with existing utilities—superpower is merely a name for the principles that should govern the expansion of the existing electric utilities."

It also states that in the estimates made the cost of power at the busses of the electric utilities includes a return of 10% on the money invested in the generating and transmission system, as it is thought that less would not attract the necessary capital to this form of investment. The above quoted report deals very fully with all questions of costs and return but does not deal with the questions of legislation or financing the project:

A Progress Report was issued on Feb. 24, 1921 signed by the Secretary of the Interior and addressed to the President of the United States.

### By Federal Legislation

This stated, inter-alia, the general expression of opinion of the Advisory Board on legislatiin and finance at the Washington meeting on Feb. 18, 1921 and the principal points may be extracted thus:—

> A Federal Act or an amendment to the Federal Power Commission Law should be passed to create a corporation authorized to construct generating plants and to take by eminent domain lands or interests necessary for the transmission lines in any State concerned, subject to exercise by the State of full police and taxing power and power to fix rates. The vested rights of present public utilities to be protected. Power to be distributed by existing companies. The Super-power Company is to issue non-par stock as its only class of security; public utilities within the area may subscribe for this stock pro-rata and any stock not so taken may be offered to the public.
>
> "New capital is the keystone of the project" and "the specified rate of return should be more liberal than is commonly contained in the idea of public regulation." Customers to participate equally with stockholders in any division of net earnings in excess of the specified rate of return.
>
> "Neither the nation, by coal conservation, nor the individual consumer, by lower rates, can profit by the project, however sound in its engineering and economic phases, unless the conditions of financing are sufficiently attractive to warrant the use of the country's financial resources."

These matters were further considered at a meeting of the Superpower Survey on May 13, 1921 at which members of its advisory board and a number of leading experts were invited to discuss the physical, legal and financial aspects.

### Only Existing Companies

At this meeting, E. G. Buckland, vice-president, New York, New Haven and Hartford Railroad, said that the grant of power should give the superpower corporation the right to generate and distribute throughout the Boston-Washington zone and to take by eminent domain all necessary lands or easements——the corporation should be limited in the purchase or sale of energy to authorized public utilities in the zone and these utilities should have the first right to suscribe for stock in proportion to their energy output.

Congress could grant the fundamental power of domain in one of four ways:—

1. By private charter granted by Congress.
2. Under a general corporation law to be passed by Congress authorizing the incorporation of superpower corporation to operate anywhere in the United States.
3. By an amendment to the Federal Water Power Act providing for the incorporation under a federal charter of associations to become licensees, or
4. By an amendment providing for the licensee to be a corporation organized under the law of one or more states in the superpower zone.

He thought a longer franchise could be obtained under the Federal Water Power Act than any other way and at the end of 50 years recapture by the Government is conditional upon payment of net investment plus reasonable severance damages; however, if the corporation can be organized under the laws of any of the states with authority under the Federal Water Power Act to operate as desired, it would be the easiest and quickest way.

### Income Must Be Sufficient

H. T. Harriman, president of the New England Power Co., thought the superpower company should be organized under a federal charter rather than that of any state and indicated obstacles to interstate business embodied in the laws of several states—there would be less prejudice against a company with a federal charter. C. L. Edgar, president of the Edison Co., of Boston, thought

(Continued on page 19)

# BRITISH MILLIONS FOR NEWFOUNDLAND

### Firm of Armstrong Whitworth to Develop Lumber and Mining Resources

In reference to the reports that Armstrong Whitworth & Co., largest engineering firm in the world, are to spend $7,000,000 within two years, to develop the Humber Valley resources, H. D. Reid, president of the Reid Newfoundland Company made the following statement:

"We have negotiated a contract with Sir W. G. Armstrong Whitworth & Co., Limited, whereby they are ready to develop the resources of the Humber Valley immediately and to find the necessary money to finance the project. Owing to the world-wide condition of the money markets, it is necessary to have the Government guarantee the interest in the issue of debentures and the sinking fund. Armstrongs are the biggest engineering firm in the world, and their name is a guarantee of good work and honest dealing. The project will mean an expenditure of $7,000,000 in cash in Newfoundland in the next two years, the permanent employment of 1,500 men in the works and 2,000 in the woods each year, and the permanent expenditure of over $1,250,000 a year for logging only, and the establishment of an industry on the West Coast twice the size of Grand Falls. The value of the paper exported will be at least $10,000,000 a year to be added to our export trade.

"If the scheme is satisfactorily settled at once it will mean the immediate employment of from 1,000 to 1,500 men this winter in the woods. The association of the firm of Armstrong Whitworth with Newfoundland will mean the development of other resources of the Colony, and already steps have been taken with the introduction of aluminum works in connection with the Humber power development, which would mean the employment of 2,000 additional men. The cost of the power will be very cheap, and consequently will attract any industry which requires cheap power. Messrs. Armstrong Whitworth & Co. have sent a representative to St. Johns to take up the matter, and I have left two of their engineers at Grand Lake to investigate further the possibilities there. Reliable financial people in London have undertaken to finance the proposition with the help of the Government, and it speaks well for the credit and stability of Newfoundland that it should be able to get the amount necessary during this period of depression.

"The prosecution of this enterprise will help considerably to solve the problems facing the country, and especially the question of the future of the railway system. It is proposed to commence work this winter, and to have the plant in full operation by the spring of 1924, with a possibility of this being done by the fall of 1923."

## FOR TRADE DEVELOPMENT

Windsor Star.

There should be widespread interest in the cruise to the West Indies next month now being arranged by the Canadian Manufacturers' Association. Several local manufacturers are expected to participate in the outing, which will consume about 60 days. The object is to encourage trade between the two lands, as a sequel to certain reciprocal tariff arrangements completed last year.

It is interesting and encouraging to note that Canadian manufacturers are evidently preparing to take greater advantage of the opportunity provided by outside markets. In the past they have been accused of not giving sufficient attention to export business. The complaint has been made that all too few firms sent men abroad, and that Canada's name, industrially, was unknown in many parts of the world. There is little reason to doubt that we have been backward in this way. Various causes might be found. The big thing now, though, is to make up for lost time, as far as possible, and go out and get the business that may be offering. Canadian workmen can produce goods the equal, if not the superior, of any other country's. Canada should provide them with the opportunity to prove their skill on a scale hitherto unknown. And it is well to remember that with the expansion of Canada's business through the development of foreign trade, a part of the Dominion will benefit more than our own community, the Border Cities. Our future is bound up in industrial prosperity.

Forty-Seventh Annual Report of

The London Life Insurance Company

Shows 1921 the most prosperous year in the Company's history.

**$100,000,000 mark passed**

Surplus on basis Dominion Government Standard—$1,952,613. A gain of $499,389. Profit results greatly exceed estimates.

**Five Years' Growth**

| | 1916 | 1921 | Increase |
|---|---|---|---|
| Income | $ 1,973,780 | $ 4,897,674 | $ 2,923,894 |
| Payments to Policyholders | 507,583 | 773,385 | 265,802 |
| Assets | 6,975,763 | 15,920,517 | 8,944,754 |
| Surplus (including Paid Capital $82,500) | 834,642 | 1,952,613 | 1,117,971 |
| Insurance Issued | 13,035,945 | 31,219,127 | 18,183,182 |
| Insurance in Force | 41,715,317 | 111,113,663 | 69,398,346 |

**The 1921 Report Shows:**

Investments in excellent condition. Further improvement in the Reserve Standard, placing it on highest basis in use on continent. An Interest Rate increased to 6.69%. A Mortality Rate "Ordinary" Department of 35.2%. Highest Surplus Earnings in Company's history. An increase in Insurance in Force of 15%.

The Company's record in Profit Payments is unparalleled. The liberal pre-war scale was increased during the war period and maintained through epidemic period. Profit results exceed original estimates by 50 to 100%.

*Policies "Good as Gold"*

**Dr. A. O. Jeffrey, K.C.**
President

**W. M. Spencer,**
**J. G. Richter**
Vice-Presidents

**Edward E. Reid**
General Manager

*Salient Featuress, 1921 Report*

SINKING FUND TRUSTEES

*City of Winnipeg*

| | |
|---|---|
| Total Assets | $13,160,446.00 |
| Increase over 1920 | 1,336,383.84 |
| Gross Income for Year 1921 | 743,378.53 |
| Average Interest Rate | 6.24 per cent. |
| Amount necessary to meet requirements of Sinking Fund for the Year | $ 466,414.79 |
| Appropriated out of Surplus Earnings to commute further levies on various bylaws | 21,364.20 |
| To Free Civic Office Building and City Hall Annex from debt | 91,571.73 |
| City of Winnipeg Pension Fund | 100,000.00 |
| Liquid Securities of the highest grade Securities held by Trustees for very $1,000 of bonded indebtedness | 278.88 |
| Held to the Credit of Investment Reserve Account | 400,000.00 |
| Held to the Credit of Surplus Income | 79,287.59 |
| Gross Debt of City at December 31, 1921 | 47,189,696.88 |

Trustees—
E. F. HUTCHINGS, Chairman.
W. H. CROSS.
FRANK O. FOWLER (Alderman).
H. C. THOMPSON (City Treasurer), Secretary.

# SHOULD APPOINT COMMISSIONER TO ENFORCE ACT

### J. N. Mulholland Addresses The Chartered Accounts Association

## STOP FAKE PROMOTERS

### Blue Sky Laws Work Well In State of Illinois—Measures are now Being Considered for Ontario

By J. N. MULHOLLAND,
**Address to Chartered Accountants Association.**

The Blue Sky Law is a name applied to a certain source of legislation which originated in the State of Kansas in the year 1912, which had for its purpose the prevention of fraudulent stock promoters who were rampant in that state as a result of the large agricultural population and their easy laws of incorporation. The form legislation first took was to invest authority in a person known as a commissioner, who was a government official, who had the supervision of the sale of all stocks and securities in the state. The growth of legislation was due to the efforts of a retired merchant, who was appointed a state banking commissioner.

While occupying this position he had the co-operation of the banking houses of the state, who acquainted him with all withdrawals from their banks—through his representatives the destiny of the investments were learned and in many cases improvident and reckless investments were prevented. The commissioner issued a report, following his appointment, in which it was shown that many millions had been saved, through the refusals to grant permits to vendors of stocks to operate in the state. The report also contained statistics of the number of applications to form corporations and the facts concerning the number of companies which were approved as legitimate propositions. We now have this type of legislation in force in some 41 states of the Union. Three of the other states have adopted a fraud act. The latter type having for its purpose the prosecution of the vendors of shares or promoters of a corporation, who do not comply with the laws of the states, which have adopted this law—these states are New York, Maryland and New Jersey.

The reports of the attorney-generals of these states appear to show that this particular legislation does not meet the purpose it was enacted for in as much as the injury was not prevented in its inception but merely has the effect of locking the stable door after the horse is out. The official report of the Blue Sky Law is very encouraging, particularly in the state of Illinois, where amendments have been made to meet with particular circumstances and make provision for experiences which those charged with the enforcement of the act have learned.

It might be said that in the state of Illinois the great objection to the Act has been overcome. This objection was in the granting a certificate of approval of a corporation, which was treated by many investors as an intimation of "Security," to buy shares or bonds in any corporation which had passed the government inspection. Instead of granting a certificate and advertising the fact, the commissioner merely qualifies applicants who comply with the law, who sell their shares and communicates such authority to them by phone or in person. So that no apparent stigma is attached or any appearance that the government is a surety of the financial position of the company. It is curious to note that A. H. Obrien has favored this type of legislation in his report to the Attorney-General of Ontario. He has submitted two draft bills, one being a fraud act similar in respect to that in force in New York and New Jersey and the other similar to the Kansas Blue Sky Laws; with many modifications as adopted in Illinois, which do not appear to be so radical and which have for their purpose the encouraging of legitimate enterprise.

### As Applied to Mining

It is felt in many quarters that this type of legislation can never be enforced against mining propositions and those of a highly speculative nature. But the commissioner would be required to have the greatest discretion and to be a man of wide business experience and capable of extending a certain table of latitude to enterprises which from their very nature must have in the initial stages at least an element of chance.

The speaker was a member of a committee from Northern Ontario representing the mining interests, at the time a proposed bill was presented to the Ontario Legislature in 1919, entitled the "Sale of Shares Act." which was opposed by the mining interests as dangerous to that industry. This act is the same as the one introduced in the Province of Manitoba and was not studied with a view of encouraging the development of the resources of the province. This bill was withdrawn at its first reading in the legislature. Many opponents of the bill have stated that the corporation laws at present are too technical and that additional laws, would burden a subject now very complex but it is felt that the Blue Sky legislation can be well reconciled with existing laws and become a necessary and component part thereof. It is also stated that the enforcement of the law would be an expensive state of the administration but this objection is overcome by the fact that there would be certain fees obtained as revenue from its enforcement and the material good and saving to the public is in itself the most worthy champion of its enactment.

### Press As A Factor

Many measures could be adopted for the purpose of preventing the sale of securities by ads in the press, by a co-operation with the papers and magazines of the province, who have always materially assisted in those provinces or states where the Blue Sky Law is in force. By virtue of the Post Office Act all mail coming from companies or agents who have been refused the privilege of vending shares in the province, can be returned to them by obtaining what is known as Fraud Order from the Post Office. The mere existence of this type of legislation in the province would be a barrier to those having spurious schemes of stock flotations and would stop the refugees of other places where this type of law is now in force. If the suggested Blue Sky Law becomes law at the present sitting of parliament, it is felt that it will have many opponents until its true objects are really appreciated. But it is felt by its sponsors that the cause qualifies the end and what appears to be restrictive curtailment of the freedom of the subject in fact is the presentation of legislation which should go far to increase such liberty and encourage legitimate enterprise.

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## A CONTRAST

(Montreal Herald)

When the Ontario Hydro- Electric Power Commission proposed to the Legislature that the Province should undertake the development of power on a large scale, it submitted plans for the Chippawa Canal project, based on a cost estimate of $10,500,000. Shortly afterwoards this was raised to $15,000,000. The cost went on mounting until now a conservative estimate places the total cost, with transmission lines, at $80,000,000, and other estimates of the capital outlay are as high as $90,000,000.

Let us contrast this Ontario project and its results with the position and policy of the Province of Quebec. Some few years ago when the Laurentide Pulp and Paper Company were making provision for the storage of water on the St. Maurice, the Quebec Government stepped in and created an enormous artificial lake by constructing the dam of La Loutre which retains two and one half times as much water as the Assouan Dam on the Nile. Instead of establishing a public monopoly, they allowed private enterprise to go ahead and develop these water powers, charging existing companies rental for the extra water supplied sufficient to pay the interest on the cost of the dam, plus an adequate margin for sinking fund, enough to wipe out the debt in forty years. In consequence, about thirty years from now the whole work will be the property of the province and will not have cost the province a single dollar.

Furthermore, there has been additional development by private companies since this water conservation scheme was carried out and the province is receiving an extra $300,000 over and above the interest and sinking fund.

Another point may be noted. The Ontario Government has plunged the province into enormous debt over its power development and are at a loss to know how to meet it. What did the Quebec Government do? They made an arrangement with a contractor by which he received no cash whatever, but was paid in 4 p.c. bonds of the province. There was no necessity therefore to float a loan, and no need for the expenditure of any public money.

So the province has this enormous water power and it will not be long before this project is bringing into the public exchequer annually a clear million dollars in profit. Montreal is getting power at a reasonable rate from what is really a revenue-producing asset for the province, while Ontario plunged into heavy debt over the Chippawa project, is at its wits' end to know how to prevent the supply of power from being a permanent source of loss. If they charge enough to make the plant pay nobody will use the power. If they charge enough only to enable people to use it the tax-payer will have to make up the annual deficit on operation.

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## DULUTH-SUPERIOR

Passenger earnings of the Duluth-Superior Traction Company for the month of January, as based on the weekly returns, amounted to $147,546 as compared with $155,750 for the corresponding month in 1921, a decrease of $8,203 or 5.3 per cent.

For the first week of February the earnings were $34,123, a decrease of $1,132 or 3.2 per cent.

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# CANADA NATIONAL FIRE'S RECORD YEAR

### Total of $28,980,702 Business Written During Past Year

That dividends paid to shareholders exceed in amount that of any other Canadian fire insurance company was observed in the report to the eleventh annual meeting of the Canada National Fire Insurance. The policy holders are protected by a reserve of $2,242,216, an increase of $49,065; it is also claimed that this is the second largest reserve for any fire insurance company in **Canada.**

The year 1921 was characterized by an exceedingly large number of fires, although none of them reached what might be called a conflagration. While all fire companies, owing to the prevalence of fires last year, suffered a large loss ratio, the Canada National Fire ratio of 42.73 per cent. compared very favorably with that of other similar companies in the Dominion.

The company was fortunate not only in its loss ratio but showed an increase of $2,616,458 in the amount of insurance written. The total amount of insurance written by the company during the year was $28,980,702, which established a record for the company.

The total amount of insurance in force on December 31, reached $40,360,613, or an increase of $3,468,717.

The premium income for 1921 was $340,392.82, a gain of $12,220.86.

The total net revenue of the company amounted to $396,218.13, or an increase of $25,927.98.

After providing for all expenses there remained a surplus of $138,084.18 and from those profits there was paid to the shareholders a dividend of 6 per cent. The net surplus to policyholders was increased by the sum of $49,065.55 bringing that fund up to the very handsome total of $2,242,216.15.

The management reported a considerable improvement in the matter of mortgage collections. There was a reasonably active demand for money during the year and it is anticipated that there will be a more active demand for loan purposes during the present year.

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# Edmonton Tackles Problem of Taxation Reform

For 1922 a total readjustment has been made in Edmonton's assessment. All property which has been purchased by the city at tax sales and in respect to which the redemption period has expired, has been removed from the assessment roll, and the outlying vacant property has been considerably reduced in value, so that the net assessed value of property for taxation this year will amount to approximately $62,000,000 compared with $80,202,245 in 1921, a reduction of $18,202,245 or 22.6%.

This reduction in the assessment with the same mill rate as last year, i. e. 39.90 mills, means a loss in revenue of $726,269.57. In order that the advantage to be obtained by reducing the assessed value of property will not be offset by an increase in the tax rate, revenue has to be obtained from other sources and expenditures have been reduced. This year the public utilities, in addition to paying all operating charges, interest, sinking fund and depreciation, will pay $320,000 into current revenue by way of taxes and in addition the large discount of 10 per cent. for prompt payment of taxes, which has meant that $250,000 had to be included in the tax levy will be discontinued and a per centum charge will be made on current taxes not paid before the 1st June.

The tax on property in 1920 was $3,540,220.13; in 1921 $3,191,989; and this year will be $2,441,879 or a total reduction of $1,098,340 or 31%.

The tax rate this year, according to the Budget which has been submitted to the council will be 39.70 mills compared with 39.90 mills in 1921 and 45 mills in 1920.

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# ELEVENTH ANNUAL REPORT

*OF THE DIRECTORS OF*

# The Canada National Fire Insurance Company

To the Shareholders:

It is with pleasure that your Directors beg to present for your consideration their Eleventh Annual Report, as well as the Statement of Assets and Liabilities and Revenue and Expenditure Accounts for the year ending December 31st, 1921, duly certified by the Company's Auditors.

Your Directors are indeed gratified to be able to report that substantial progress was made during the year, and that, notwithstanding the fact that the year was, for the fire insurance business generally, an unfavorable one, this Company experienced in many respects the best year since its inception.

In the previous year, values of stocks and materials continued to climb until the high peak was reached, when prices began to fall in the latter months of the year. The natural result was a material increase in the volume of insurance with its resultant gain in premium income. In the closing months of 1920 and continuing throughout the entire period of 1921, prices of commodities in general kept declining, and this, in conjunction with a widespread depression in business, not only contributed to a material falling-off in the amount of fire insurance written in Canada, but greatly increased the moral hazard. In other words, the year 1921 was regarded as a very trying and unprofitable year for fire companies.

In view of these conditions, there is ample reason for congratulation that this company passed safely through such critical times and enjoyed a large measure of prosperity.

After a period of inactivity, beginning with War and extending up to the close of the year 1920, it was confidently expected that the year 1921 would witness a revival in building operations throughout the Dominion. While there was an increase in the number of dwellings constructed, as compared with the previous year, the aggregate building operations in 1921 fell far short of those in the preceding year, and when contrasted with the figures covering a considerable period prior to the War, the totals are relatively very much smaller and make a rather unfavorable comparison.

Under present business conditions, with industrial inactivity, there is not the same pressing demand for construction of large manufacturing plants, but it is conceded that, in most of our large cities there is an acute shortage in office and housing accommodation. Consequently, it is anticipated that, during the present year, with the prices of building materials considerably reduced, and with more efficient labor with its more moderate demands, there will be a large increase in building operations over that of the last few years. This will give additional stimulus to business in general and furnish a large amount of new fire insurance.

In the past year, the Company extended its business by opening up in the Province of Quebec and entering the British Isles. It was felt by your Directors that this was a wise move and in the interest of the business, and the results to date have been very encouraging. Your directors have reason to believe that the business secured in Great Britain will grow rapidly from year to year, and will result in substantial profits for the Company.

The volume of business written by the Company in all its fields in 1921, amounted to $28,980,702.00, an increase of $2,616,458 over 1920, being the largest amount so far written by the Company in any single year. With the extension of the business into new fields, and with a return to more active and prosperous times, your Directors confidently believe that substantial gains in premium income will be experienced from year to year.

The gross premium income on 1921 business was $340,392.82, a gain of $12,220.86 over the previous year. Re-insurance premiums amounted to $110,282.43. Gross insurance in force at the close of 1921 was $40,360,613.00, showing a substantial increase of $3,468,717.00. Premiums on this business amounted to $554,852.17, a gain of $27,082.94 over the 1920 figures. Re-insurance in force at December 31st, 1921, totalled $12,155,288.00, an increase of $1,530,139.00, while the premiums thereon amounted to $153,402.96. Net insurance in force at December 31st, 1921, reached the large total of $28,205,325.00, showing a gain of $1,983,578.00 over last year's figures.

Mention has already been made in the report to some of the causes which contributed to the unusually large fire waste in the Dominion in 1921. In making comparisons with the results of previous years, it might be of interest in view of the important bearing which these unusual conditions had on the operations of fire companies last year, to briefly enlarge upon this point.

It was anticipated early in the year that, owing to a general decline in prices of nearly all commodities, accompanied by an acute business depression, the year would be an unusually trying and hazardous one for the fire companies. Reports which have already been received, prove that these fears were well founded, showing as they do, in most cases, a material falling-off in the volume of business written, compared with that of the previous year, as well as a considerable increase in the fire-loss ratio.

While the final returns of all the Fire Companies doing business in Canada in 1921 are not yet available, it is estimated that their aggregate premium income will show a reduction of from ten to fifteen per cent., and their average fire-loss ratio about fifteen to twenty per cent. in excess of the 1920 figures.

Your Directors are indeed pleased to report an increase for the year in net premium income of $27,367.40, with a moderate loss-ratio of 42.73 per cent.

In the last Annual Report of the Directors, it was pointed out that the loss-ratio had reached the very low level of 32.82 per cent., and this was in comparison with an average loss-ratio of 58.19 per cent. for a period of fifty-one years, 1869-1919, inclusive, for all fire companies operating in Canada. Now, while this was the lowest record yet reached by the Company and showed up well in comparison with the average record of other companies, as already pointed out, the fire-loss ratio of this Company for 1921, while higher than in the preceding year, will stand out well in comparison with the average loss-ratio of all the companies operating in Canada during the same period. In view of the unusually heavy losses sustained by many of the companies last year, there is, therfore, much reason for congratulation at the comparatively low loss ratio experienced by this Company.

More than usual care and discretion were exercised in the Underwritting Department of the Company, in view of the fact that it was a particularly hazardous year for the fire insurance business, and while a much larger volume of business could have been written during the year, undesirable and doubtful risks were carefully avoided, and special attention was given to securing the best possible class of risks. Your Directors desire to draw attention to the efficiency shown in the Underwriting Department, as they realize that an aggressive yet cautious and conservative policy in this Department is most essential for the success of the Company.

If you will refer to the Financial Statement, you will observe that the Company's assets are comprised to a large extent of Mortgage Loans, these amounting to $1,593,306.86, an increase of $32,775.25. These funds have been loaned upon the security of improved farm and city property, and it is deserving og especially favorable comment that in a year of money stringency and business depression, the payments of interest and principal were so well met, and in this respect, showed even a better record than that of the previous year.

The returns from the Company's Agents were quite satisfactory, and considering the tightness of money, these returns were fully as good as in the previous year.

The Company continues to maintain a strong financial position in the matter of liquid assets, these amounting to $473,307.38, and are made up of cash reserves, $227,978.11, and the balance in stocks and Dominion Government Bonds.

Government Reserve for unearned premiums showed an increase of $9,702.40, this acoount now standing at $167,277.15. Re-insurance premiums (held as a reserve on deposit) with respect to the business with Foreign Treaty Companies amounted to $66,901.76, and the special Re-insurance account stood at $71,356.39.

Paid-up Capital increased by $23,109.17, and stood at December 31st, 1921, at $1,872,845.52.

Revenue from Mortgages, Stocks and Bonds and Sundry sources amounted to $166,107.74, about the same as last year, while net fire premiums, after deducting cancellations, rebates and re-insurance showed an increase of $27,367.40, amounting to $230,110.39. The total net revenue for 1921 was $396,218.13, compared with $370,290.15 in 1920, and $337,195.67 in 1919.

After providing for all management expenses, Dominion Government reserve, taxes, interest, fire losses, depreciation, written off, furniture and fixtures and sundry other charges, there remained net profits of $138,084.18. A dividend on the capital stock, at the rate of six per cent. per annum, amounting to $112,127.80, was apportioned out of these profits, leaving a balance of $25,956.38.

This amount has been carried to the Reserve, or in other words, to the net surplus to Shareholders, which fund now stands at $369,370.63. To this sum may be added the Contingent Reserve Fund of $100,000.00, making a total reserve of $469,370.63, which is 25.06 per cent. of the paid-up Capital.

The item, Net Surplus to Policyholders was increased by the sum of $49,065.55, bringing that account up to the splendid total of $2,242,216.15.

This Company since it began to accept fire risks has afforded ample security to the policyholders, and its position in this respect has been strengthened and improved from year to year, until it has now reached a pre-eminent position among the Canadian Fire Companies.

There is a growing feeling of optimism that the period of depression is gradually passing away, with brighter and more prosperous times ahead, so with the confidence which this Canadian Company has established among the insuring public, it will, no doubt, in continuing to pursue its usual progressive policy, materially strengthen its financial position and increase the volume of its business from year to year.

The Shareholders, in general, have shown additional evidence during the past year, that they are deeply interested in the progress of this Company, as much desirable fire insurance has come from this source, and your Directors take this opportunity of thanking all those Shareholders who have in a practical manner contributed to the success of the Company, and they look forward with appreciation for a renewal of the Shareholders' hearty co-operation and support, which have been so freely and cheerfully given in former years.

Your Directors desire to express their gratitude to the Officers and Staff for their loyal and efficient services rendered during the past year, and they wish to record their appreciation for the splendid business secured by the numerous Agents of the Company, and for the careful attention to and supervision of business in their respective territories by the Inspectors of the Company. With the full co-operation and untiring efforts of this large agency force, your Directors look forward with assurance to another successful year's business.

J. H. G. RUSSELL, President.

Winnipeg, February 6th, 1922.

At a subsequent meeting of the newly-elected Board of Directors, J. H. G. Russell was elected President; W. J. Boyd and F. H. Alexander, Vice-Presidents; and W. T. Alexander, Managing Director.

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# THE CANADA NATIONAL FIRE INSURANCE COMPANY

## Financial Statement 31st December 1921

### ASSETS

| | | |
|---|---|---|
| Mortgage Loans on Real Estate and Accrued Interest | | $1,593,306.86 |
| Stocks and Bonds (at cost) and Accrued Interest | | 245,329.27 |
| Real Estate: Head Office Property | $ 164,796.98 | |
| Real Estate: Other than Head Office Property | 483,466.59 | |
| | | 648,263.57 |
| Office Furniture and Fixtures, Maps and Plans; Less Depreciation | | 16,258.09 |
| Accounts Receivable | | 9,103.24 |
| Agents' Balances | | 52,422.86 |
| Cash on Hand and on Deposit | | 227,978.11 |
| | | $2,792,662.00 |

### LIABILITIES

| | | | |
|---|---|---|---|
| Government Reserve for Unearned Premiums | | | $ 167,277.15 |
| Losses Unpaid (in course of adjustment) | | | 16,672.00 |
| Accounts Payable | | | 16,110.75 |
| Reinsurance Premiums (held as Reserve on Deposit) | | | 66,901.76 |
| Dividend for Year Ending 31st December, 1921 | | | 112,127.80 |
| Special Reinsurance Account | | | 71,356.39 |
| Contingent Reserve Fund | | | 100,000.00 |
| Capital Stock Subscribed | $2,050,400.00 | | |
| Paid Up | | $1,872,845.52 | |
| Net Surplus | | 369,370.63 | |
| SURPLUS TO POLICYHOLDERS | | | 2,242,216.15 |
| | | | $2,792,662.00 |

### REVENUE

| | | |
|---|---|---|
| Balance Brought Forward from 1920 | | $ 500 989.00 |
| Profits from Mortgages, Stocks and Other Sources | | 166,107.74 |
| Fire Insurance Premiums for 1921 | $ 340,392.82 | |
| Less Reinsurance thereon | 110,282.43 | |
| | | 230,110.39 |
| | | $ 897,207.13 |

### EXPENDITURE

| | | |
|---|---|---|
| General Expenses, Salaries, Commissions, etc.: | | |
| Loan and Investment Department | $ 41,466.23 | |
| Fire Department | 105,191.67 | |
| | | $ 146,657 90 |
| Losses and Loss Adjustment Expenses | $ 155,892.02 | |
| Less Reinsurance Recoveries | 57,562.17 | |
| | | 98,329.85 |
| Depreciation written off Furniture and Maps | | 3,443.80 |
| Dividend for Year Ending 31st December, 1921 | | 112,127.80 |
| Reserve for Unearned Premiums | $ 167,277.15 | |
| Net Surplus | 369,370.63 | |
| | | 536,647.78 |
| | | $ 897,207.13 |

### AUDITORS' CERTIFICATE

TO THE SHAREHOLDERS:—

We beg to report that we have audited the Books and Accounts of The Canada National Fire Insurance Company for the year ending 31st December 1921, and have found them properly stated and sufficiently vouched. We have verified the Cash on Hand and on Deposit, and the Mortgages and other Securities In our opinion, the Balance Sheet presents a correct view of the state of the Company's affairs as at 31st December, 1921, according to the best of our information and the explanations given us, and as shown by the Books of the Company.

(Sgd.) D. A. PENDER, SLASOR & CO.,
Chartered Accountants.

Winnipeg, 4th February, 1922.

# To Develop Power in States by Private Capital and Enterprise

(Continued from page 17)

that ten or twenty men could be selected who should have no difficulty in getting together on a plan.

James H. McGraw said that the public utilities must be allowed to charge sufficient rates to get all the money that is necessary to keep up with the demands.

General Guy E. Tripp, Chairman of the Advisory Board questioned whether utilities could use non-par stock, of the superpower company as readily as bonds for collateral in issuing their own securities.

W. S. Barstow, president of W. S. Barstow & Co., New York, emphasized as the basis for any superpower project, absolute protection to the vested rights of existing public utility companies, no price regulations and rates lower than cost to generate by customer companies.

### Non-Par Stock Proposed

The superpower company as a community enterprise should be incorporated with one class of security, non-par stock, all existing public utilities in the territory should be entitled to subscribe pro-rata to their demand and load factor and stock not so subscribed should be offered to the public, customer companies and outside interests owning stock would elect the board of directors and there should be absolute publicity as to earnings, value of stock and cost of physical property. Any restrictions which would prevent the free flow of money to the enterprise would defeat the attainment of the result shown possible by the survey. In any case there must be no price fixing as the government will receive a corresponding benefit in return for any rights it can grant by securing unlimited and economical power for the future development of railroads and industries.

(It will have been noted that the advisory board had already recommended that customers are to participate equally with stockholders in any division of net earnings in excess of the specified rate of return.)

W. S. Murray, Chairman of the Survey, pointed out that more money would be required for construction by individual companies than would be necessary for the superpower system. This is emphasized in the final report, where it is stated that the increase of capacity to meet growing demands can be financed by the superpower plan for $16,300,000 less annually than by the normal expansion of the existing electric utilities.

It will thus be seen that the general consensus of opinion amongst the many experts advising the United States Superpower Survey appears to be that:—

(1) To avoid disputes and facilitate interstate transmission of power the charter should be created by a Federal Act.

(2) That the rights of all existing public utilities should be fully protected and that these should in fact be the nucleus of the undertaking and the distributors of the power.

(3) That it is advisable that the finance and control should be by a separate corporation and not by the Government.

(4) That the Superpower Company should issue non-par stock as its only class of security, that the existing public utilities should subscribe for this stock pro-rata, that stock not so subscribed should be issued to the public, that the customer companies and outside interests owning the stock would elect the board of directors and that there should be absolute publicity as to the earnings and all proceedings of the company.

(5) That price regulation and any restrictions that would prevent the free flow of money to the enterprise would defeat the attainment of the result shown possible by the Survey and that benefits will lie in securing unlimited and economical power for the future development of railroads and industries.

(6) That a return of less than 10% would not attract the necessary capital and that none can profit by the project however sound in its engineering and economic phases unless the conditions of financing are sufficiently attractive to warrant the use of the country's financial resources.

(7) That new capital is the keystone of the project and the specified rate of return should be more liberal than is commonly contained in the idea of public regulation.

This United States Superpower project includes plans for the utmost possible development of water-power though it is estimated that in the area considered water power can never supply more than 25% of the total power required. In Canada, where water power is far more abundant and coal must be largely imported, the problem is not less urgent and it may well be asked with respect to rate regulation and government restriction whether the question of the licensee making two or three per cent. more or less on his investment is of any real importance compared with the advantage of getting the power developed and securing the resulting increase in manufacturing industry and general national prosperity.

(1) "A Superpower System for the Region between Boston and Washington, Professional Paper 123. United States Geological Survey. Government Printing Office, Washington, D. C.

(2) Reported in the "Electrical World" of May 21, 1921.

# History Tells Us Little of Business

By WILLIAM PETER HAMILTON, In Barron's Weekly

To a student of history—and the writer modestly claims to be something of the kind himself—it is source of unceasing regret that there is relatively so little real history to study. Our table of averages is only truly effective for a little over a quarter of a century. When we say that the twenty active railroad stocks must confirm the twenty industrials it seems to me that this implies, at least in part, that less than forty stocks do not give a sufficiently inclusive picture of the market. I hope, in a subsequent discussion, to offer a partial and incomplete record of the years from 1860 to 1880, with an average high and low, month by month, of fifteen miscellaneous stocks. I may as well say now that I do not think that it has any conclusive teaching value; or that if it had been kept contemporaneously with the events of that time, and not compiled years after, it would have given business anything like the thoroughly trustworthy indications which we can read in the more perfect double-average barometer of today.

### How History Records the Wrong Things

But my criticism of history goes much further than the mere records of which we are treating. It is that all available history, as far back as we can trace,—from Egypt and the supposed cradle of the race in Asia Minor,—records the wrong things. It tells us all about the dynasties of the Pharaohs, and nothing about those productive middle-class brains of management which made those dynasties rich—gave them a real people to rule over. We know that there were rulers and wars, slaves and industrial workers enjoying different degrees of freedom. We know that so far from labor creating everything—the preposterous major premise of Karl Marx—labor creates only a fraction of the sum of human wealth compared with the product of brains. Of the "people" of the past, in the sense that the Bolshevist demagogue uses the word, we know a good deal. Professor Thorold Rogers, of Oxford, many years ago compiled a tabulation of wages in England, from the time of the Tudors. But history seems to give something of the bottom and a great deal too much of the top. It tells us nothing, or next to nothing, of middle class which must be the directing brain force of a nation with any commerce whatever.

### Where Are the Business Records?

What do we really know about the Carthaginians? They were the greatest trading nation of their time. We might well afford to sacrifice the detailed accounts of the campaigns of Hannibal, to throw away most of what we know about the second Punic War, to scrap nearly all that part of history, in exchange for only one year's accounting of a typical Carthaginian merchant engaged in foreign trade. We would have more practical knowledge, applicable to the problems of today, from that single merchant's books of the year 150 B. C. than we can get from the "Decline and Fall of the Roman Empire," and all it incidentally says about Carthage, to say nothing of the practical conduct of commerce in those days.

How did that merchant do his business? He dealt in tin from Cornwall and dyestuffs from Tyre. He had correspondents all over the known world, which then extended from Britain in the west to India in the east. Did he, or could he, for the tin or dyestuffs he received, pay exclusively in coined gold or silver. He may well have exchanged one of his commodities for another, or something else for both. How did he pay? How did he settle his balances? Did he have bills of exchange? I am inclined to think that he did, whatever form they may have taken, although no papyrus or parchment has survived. But history does not tell us the one thing we want to know. How did the Carthaginians adjust their international trade balances? They necessarily had them. The merchants of Joppa or Sidon or Alexandria kept books, or their equivalent. They had a record of what they imported from Carthage and what they exported there and elsewhere. Rome owed angular transactions which must have required some knowledge of double entry, with more or less regular exchange quotations to balance one national coinage against another. What does history tell us about all this? Absolutely nothing. And yet that knowledge would be of infinitely greater value to us, would save us more mistakes, than Xenophon's deathless story of the retreat of the ten thousand.

### Who Financed Xerxes?

Heaven forbid that we should lose the inspiring lesson of Thermopylae. We have seen, in the past war, that men are still capable of rising to the heroism of the fated three hundred. But what of the contractors who fed and clothed and armed the "5,000,000 men" in the army of the victorious Xerxes? "The mountains look on Marathon—and Marathon looks on the sea," and they may continue looking at each other, until the crack of doom, without telling us the cost of the ship's stores consumed in the fleet which transported the defeated Persians. "You have the Pyrrhic dance as yet, where is the Pyrrhic phalanx gone?" We could dispense with the dance if we knew how the Pyrrhic phalanx got its three square meals a day, and from whence its food was imported. I am far from endorsing the Henry Ford criticism of history—it is not "bunk;" but what would we not give for a trustworthy analysis of the economic consequences of Diocletian's price-fixing edicts, in the year 301?

Where did the Greeks buy their naval stores? How were they assembled? How was the account settled? Was it in coined money, or in a draft written on parchment, transferring one merchant's debt to another in order to balance the books of a third? All this is left out of classical history, and is sadly lacking in modern history. It was not until the middle of the nineteenth century that Green wrote, not a history of the kings of England, but "A Short History of The English People." It was all too short; and the most important part of the English people was loftily minimized—that respectable but inarticulate element which goes about attending to its own business and manages to "keep out of the papers." No one would belittle the record of the events which led up to the signing of Magna Charta. But if I am not greatly interested in King John, I want to know much more than history records about those useful mercantile and financial figures personified by Walter Scott in Isaac of York. The tortured Jew's extracted tooth outweighs, in real historical value, the sceptre of the Plantagenet king.

### What of The Banking in The Middle Ages?

The more we search the work of the earlier historians, the more we are astonished at their inability to see a thing so self-evident, for they were almost invariably drawn from the class they failed to chronicle, except where it touched politics. Froude devotes chapters of a volume of his history to the divorce of Catherine of Aragon. He tells us nothing of value about the financial transactions involved in such a simple matter as the collection and payment of Queen Catherine's dowry to Henry VIII. I have heard experienced newspaper men say, "The most interesting news never gets into the papers." There is a good deal of cynical truth in that remark, and certainly the most instructive historical facts seldom get into the histories.

That is why the diary of Samuel Pepys, not written for publication, tells us more of the real things we want to know than anything which has ever been written, contemporaneously and since, about the period of the Restoration. It is almost from that date that we begin to get some familiar idea of what banking was like, and how it was conducted in the great city of London two and a half centuries ago. Our knowledge, so far as available records are concerned, hardly, in any real sense, antedates the incorporation of the Bank of England, at the end of the seventeenth century. The records of commerce and banking of the earlier financiers are almost hopelessly wanting. There must have been such records arising out of the colonial expansion of Holland, Spain and Portugal or, working back through the years, in the trade of the Genoese and the Venetians. But these highly respectable historians seemed to think that the birth of a king's bastard was more important than the opening of an avenue of trade, and the creation of the financial machinery necessary for its development.

### How New Is Credit?

I am credibly informed that banking, and even branch banking, has been in use in China for at least two thousand years, with drafts, credits and the usual banking machinery, if in a much simplified form. It must also be admitted that the great structure of today's credit is essentially modern. But it would be absurd to assume that it is all modern, merely because we know so little about history. The trading of Carthage, Genoa and Venice was largely barter. But we may be sure that it was not all barter. Not only the Church cannon law but the Bible itself and like works have many allusions to the sin of usury. But usury meant interest, and interest meant credit, just as coinage meant exchange. It was not all pawnbroking; nor was the banking of the Middle Ages. There is some evidence that the same people both received and paid interest. The merchant, then as now, probably had a good deal more practical sense than the theologian, and certainly a clear idea of the line between legitimate interest and usury. The trouble is that historians, up to a late date, have been influenced by the ecclesiastical attitude towards money lending. They are exasperatingly dogmatic on the things they admit they don't know. I am inclined to suspect that it was not the early Middle Ages which were "dark" but only the historians. I am even inclined to agree with my friend Dr. Walsh that, in point of real civilization and attainment, the thirteenth century in Europe compares very well with our own. And even he has been unable to elicit anything of real usefulness about the mechanics of commerce.

### Socialism's False Assumption

And if this is the sum of our knowledge of the history of the most vital part of human affairs, the history of the men who paid the taxes and the men who made the taxes possible; the history of those who took the bare product of labor and fructified it tenfold—how difficult is it for us to gather together enough particulars to frame a trustworthy generalization from the wholly modern tabulation of the records of trade, industry and finance. There has recently been published a book by H. G. Wells, "The Outline of History," which at least has had the excellent effect of persuading a number of people to read history who have done little serious reading in the course of their lives. But that "outline" is devoted to proving a fallacious assumption—that men are groping their way, rather blindly, in the direction of international socialism. Is there one single record in all the inadequate volumes of history, upon which Mr. Wells and we ourselves necessarily depend, which indicates anything of the kind? Everything points to the development of the efficient individual. There is nothing in the Wells inference which does not ignore the factor of management in production, dominant now and dominant always, from the time when man learned to save something out of his harvest, to keep himself and others through the coming winter, and exchange for what he could not produce.

## ALGOMA STEEL CORPORATION

The Algoma Steel Corporation are operating at 60 per cent. of capacity, was the statement made by President W. G. Franz, recently. Speaking of the improved business conditions, he said, that while there were no large orders in sight, he was hopeful that trade would improve throughout the year. Operating expenses had been considerably reduced. If the railways experienced a good year, large orders would follow later in the year.

THE TRAVELLERS LIFE
Assurance Company (OF CANADA)

1921 A YEAR OF MARKED ACHIEVEMENT 1921

| | | |
|---|---|---|
| New Business | $ 4,612,298.00 | Increase 21% |
| Insurance in Force | 14,047,515.00 | Increase 23% |
| Income—Premiums and Interest | 472,895.11 | Increase 19% |
| Assets | 1,391,461.08 | Increase 37.5% |
| Policy Reserves | 1,082,546.20 | Increase 34% |
| Surplus to Policyholders | 145,880.49 | Increase 11% |

During 1921

(a) The Company made a substantial increase in new business, being one of the very few Canadian life companies reporting an increase in this item.
(b) The death claims were only 24.8% of the expected, the lowest mortality so far reported.
(c) The high character of the Company's investments has again been demonstrated.
(d) An increase in the rate of dividends to policyholders is announced for 1922.

A Canadian Company, doing business only with Canadians, and with funds all invested in Canada.

HEAD OFFICE - MONTREAL

J. N. Greenshields, K.C., *President*
Hon. Lorne C. Webster, *Vice-President*
Arthur P. Earle, A.I.A., A.A.S., *Secretary & Actuary*

The World Must Have Bread

Next to agriculture, Flour Milling is Canada's most natural industry. It is not subject to violent fluctuations, because, whatever else happens, *the world must have bread.*

We have thoroughly investigated the Flour Milling Industry in general, and the Copeland Flour Mills Limited in particular, and have established these facts.

The Copeland Flour Mills Limited mill at Midland, Ontario, is the newest in Canada. It has been built at a pre-war cost. Its location is admirable, both for domestic and export business. It has unexcelled facilities for obtaining grain for milling. It is under the guidance of men who are not only thoroughly experienced in flour milling, but who have a wealth of connection in commercial circles.

We have great confidence, therefore, in offering to you for investment the 8% Sinking Fund Cumulative Preference Stock of The Copeland Flour Mills Limited at $100, carrying a bonus of 30% in Common Stock. We believe that these Common Shares should, in course of time, earn dividends equal to the Common Shares of the Maple Leaf or any other Canadian Milling Company.

More than one-half of this issue of Preference Shares has already been sold, consequently if you wish to participate, you should make immediate application for a prospectus, or send your reservation order for Shares at $100 each, with 30% Bonus in Common Stock.

BANKERS BOND COMPANY LIMITED
60 KING ST. WEST TORONTO.

## MANY FARMERS HAVE MOTORS

From Our Own Correspondent

REGINA.—The growth of the motor trade in Saskatchewan is illustrated in the fact that about 65,000 motor cars are now owned in the province. It is estimated that 55,000 of these are owned by farmers, representing an investment of close to $150,000,000.

## Annual Meeting of the

# Montreal City & District Savings Bank

February 13th, 1922.

The Annual Meeting of the Montreal City & District Savings Bank was held at noon to-day.

Present: Hon. Raoul Dandurand, Richard Bolton, G. N. Moncel, Right Honorable Chas. J. Doherty, Hon. Sir Lomer Gouin, Dr. D. A. Hingston, F. W. Molson, Clarence F. Smith, H. H. Judah, Zephirin Hebert, W. R. Miller, E. L. Judah, L. J. S. Morin, Paul Amos, H. Gerin-Lajoie, H'y. J. Kavanagh, A. P. Lesperance, T. Taggart Smyth, J. G. Ouimet.

The President, Hon. R. Dandurand, was in the chair, the General Manager, A. P. Lesperance, acting as Secretary.

The following Directors were re-elected: Honorable R. Dandurand, Richard Bolton, G. N. Moncel, The Right Honorable C. J. Doherty, Honorable Sir Lomer Gouin, Dr. Donald A. Hingston, F. W. Molson, Clarence F. Smith, H. H. Judah, Zephirin Hebert.

At a subsequent meeting of the Board, Honorable R. Dandurand was re-elected President, and Richard Bolton, Vice-President, for the ensuing year.

## SEVENTY-FIFTH ANNUAL REPORT

Montreal, February 13th, 1922.

To the Shareholders,

Gentlemen:

Your Directors have pleasure in presenting the Seventy-fifth Annual Report of the affairs of the Bank and the result of its operations for the year ending December 31st, 1921.

The net profits for the year were $247,958.44, and the balance brought forward from last year's Profit and Loss Account was $323,449.34, making a total of $571,407.78. From this amount have been paid four quarterly dividends to our Shareholders and $6,000.00 has been contributed to various charitable and philanthropic funds, leaving a balance at the credit of Profit and Loss Account of $365,598.46 to be carried forward to next year.

As usual, a frequent and thorough inspection of the books and assets of the Bank has been made during the year.

The report of the Auditors and the Balance Sheet are herewith submitted.

R. DANDURAND,
President.

## STATEMENT

of the affairs of The Montreal City and District Savings Bank on the 31st December, 1921.

| ASSETS | | |
|---|---|---|
| Cash on hand and in chartered banks | $8,090,304.84 | |
| Dominion and Provincial Government Bonds | 13,906,393.41 | |
| City of Montreal and other Municipal Bonds and Debentures | 16,041,177,92 | |
| Bonds of School Municipalities | 457,987.78 | |
| Other Bonds and Debentures | 1,527,878.82 | |
| Sundry Securities | 380,332.57 | |
| Call and Short Loans, secured by Collaterals | 8,213,852.90 | |
| Charity Donation Fund, invested in Municipal Securities approved by the Dominion Government | 180,000.00 | |
| | | $48,797,928.27 |
| Bank premises (Head Office and sixteen Branches) | 1,100,000.00 | |
| Other Assets | 93,698.57 | |
| | | 1,193,698.57 |
| | | $49,991,626.84 |

| LIABILITIES | | |
|---|---|---|
| To the Public: | | |
| Amount due depositors | $46,214,334.15 | |
| Amount due Receiver - General | 93,584.94 | |
| Amount due Charity Donation Fund | 180,000.00 | |
| Amount due Open Accounts | 289,533.19 | |
| | | $46,777,458.38 |
| To the Shareholders: | | |
| Capital Stock (Amount subscribed $2,000,000), paid up | 1,498,570.00 | |
| Reserve Fund | 1,350,000.00 | |
| Profit and Loss Account | 365,598.46 | |
| | | 3,214,168.46 |
| | | $49,991,626.84 |

On behalf of the Board,
R. DANDURAND,
President.

A. P. LESPERANCE,
General Manager.

### AUDITORS' REPORT

Having obtained all the information and explanations we have required, and having satisfied ourselves of the correctness of the Cash Balances, and examined the Securities held against the Money at Call and Short Notice, and those representing the investments of the Bank, and having examined the foregoing Balance Sheet and compared it with the Books at the Head Office, and with the Certified Returns from the Branches, we are of opinion that the transactions of the Bank have been within its powers, and that the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs as shown by the Books of the Bank.

Montreal, February 6th, 1922.

A. CINQ-MARS, C. A.
C. A. SHANNON, L.I.A., Auditors.

# D. U. R. COMMITTEE CHOSEN TO WATCH PURCHASE PLANS

## Group of Three Will Advise Board in Meeting on Feb. 21

## FINANCIAL STATEMENT

### New Board Dispute Certain Deductions Made by Former Board—Net Income $1,265,444

From Our Own Correspondent.

MONTREAL.—At a special meeting of shareholders of Detroit United Railway this week in the office of Bruneau & Co. here an advisory committee was chosen to act with the new Board on Feb. 21 at Detroit when the city's offer of $16,500,000 will again be taken up. This committee consists of E. H. Lemay, C. J. McCuaig, and Gaspard Deserres. With Charles Laurendeau, K. C., in the chair, an explanation was given of the present situation in Detroit where a small portion of the company's line has been taken over by the city, leaving about 270 miles still to be acquired. On certain streets there are day-by-day franchises, and in others none at all, but the company has been operating. The Mayor threatens to go ahead and build an entirely new civic system, if the company refuses his present offer, and says he will end the company's operations wherever this can be done legally.

Some fresh light is thrown on the situation by an article in Detroit "Saturday Night," edited by a Canadian, H. M. Nimmo, formerly of Brockville, and a graduate of Queen's University. He declares that the Mayor promised a civic system of 156 lines by April 1922 with a straight five-cent fare, at a total cost of $15,022,500. Instead there is a system of 90 miles only of which 60 were built and 30 purchased from the Detroit United. Practically the whole of the $15,000,000 has been taken up. The road has cost over $150,000 a mile so far. The Mayor could not build the rest of the contemplated civic line except at a great deal more than he has offered the company. If the 267 lines of Detroit United had cost a similar price the total would have been $40,000,000.

There seems to be a good deal of a mix-up about the financial statement of the Company. The incoming directors state that they object to some of the items and may make changes at the coming meeting. One of these is an amount of $250,000 set aside for contingent liabilitty reserve as compared with only $50,000 last year. The larger sum may be cut down. There is also an item of $761,607 charged into operating expenses, where one year before the total was a little over $400,000. The surplus, net income, of $1,265,000, was given in these columns several weeks ago. The profit and loss accounts compare thus for the past two years:

**Profit and Loss Account**

| | 1921 | 1920 |
|---|---|---|
| Gross earn. | $23,329,067 | $28,986,227 |
| Oper. expenses | 19,428,779 | 25,025,164 |
| Net earn. | $3,900,288 | $3,961,063 |
| Other income | 716,224 | 676,117 |
| Gross income | $4,616,512 | $4,637,181 |
| Int. and taxes | 3,351,068 | 3,003,605 |
| Net income | $1,265,444 | $1,633,575 |
| Deprec. res. | ........ | 200,000 |
| Balance | $1,265,444 | $1,433,575 |
| Counting. res. | 250,000 | 50,000 |
| Balance | $1,015,444 | $1,383,575 |
| Tax prov. | 150,000 | 150,000 |
| Balance | $865,444 | $1,233,575 |

The balance sheet shows cash of $1,740,000 as against $662,000 one year ago while Government bonds of $215,000 one year ago have been sold. The capital stock is given as $15,375,000, the $375,000 representing the dividend in stock of 2½ per cent. which was declared last year. Then there are two other stock dividends amounting to $750,000 in all that have not yet been allowed. These would bring the total of the stock outstanding to $16,100,000.

# SASKATCHEWAN'S DEBT $66 PER CAPITA

From Our Own Correspondent

REGINA.—The gross public debt of Saskatchewan on December 31, 1921 was $50,124,994.99. On the basis of a population of 760,000, which is understood to be approximately the figure that will be shown by last year's census, Saskatchewan has gross per capita debt of $65.95 and a net per capita debt of $31.27.

The increase is therefore $11.28 and $5.72 per-capita during the past year.

During the present year, the provincial budget places disbursements at $21,495,219 and receipts from all sources at $14,341,240, indicating another substantial addition to the public debt.

At the end of 1919, the gross public debt was $34,946,405 and the gross per-capita debt $41.95; the net debt was $17,742,236 and the net per-capita debt $21.30. On November 30, 1920, the gross debt had increased to $41,945,480 or a per-capita debt of $49.86; and the net debt to $19,416,237 or a per-capita net debt of $23.30. Since then the gross public debt has increased by approximately $9,000,000 and the net debt by over $4,000,000.

DUNLOP RIBBED CORD
DUNLOP TRACTION CORD

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HIGH-MILEAGE—DOUBLE-LIFE

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LIMITED
Head Office and Factories: Toronto. Branches in Leading Cities.

# *"Province of Canada" Bonds That Are Still Outstanding*

Included in the debt of the Dominion of Canada are securities that were issued before Confederation and which have never been presented for payment. Eventually the public accounts committee of the House of Commons will write off these liabilities by Parliamentary authority but in the meantime they are recognized as debts.

There is an item "Province of New Brunswick 6 per cent loan debentures $600" and another "Province of Canada 5% Loan Debenture $400." It is half a century since these fell due yet they are part of Canada's debt.

They are part of the debts taken over by the Dominion at Confederation, from the Province of New Brunswick and the late Province of Canada, the holders of which have never presented the securities for payment. It is believed that the securities have been lost or destroyed in some manner of which the department of finance has no knowledge.

### Seignurial Compensation

There are more interesting items still in the Dominion's balance sheet. One of these items, "Compensation to Seigneurs $33,000," is a balance of capital owing to the Seigneurs of Lower Canada on an award made in 1865 by the Seignurial Commission appointed to appraise the value of certain casual rights to which the censitaires were subject under the old French law. The government in 1854 determined by legislation to extinguish these rights, and the capital sum ascertained was a charge upon the consolidated fund of the province. Interest at the rate of 6% per anum upon upwards of sever million dollars was paid half-yearly to the seigneurs entitled and at Confederation these obligations were assumed by the Dominion under the provisions of the British North America Act of 1867.

In 1875, the Dominion with a view of relieving itself of the interest charges, offered special inducements to the seigneurs to make application for the payment of the capital, and since that time large sums have been paid on that account. The amount now owing on capital account has been reduced to $15,708.89. Interest is being regularly paid upon $13,645.91 of this amount, and the balance of $2,052.98 and accruing interest is being held for parties having a disputed title. The principal of both amounts will be paid to the seigneurs claiming, upon production of a satisfactory title, and whenever demanded.

The item "Compensation to (Eastern) Townships (Lower Canada) $153.00" had its origin in the same legislation as the foregoing. The lands comprised in the eastern part of the province were not held under seigneural tenure, and inasmuch as the compensation for the redemption of the casual rights of the seigneurs were made a charge on the consolidated fund of the province, it was deemed proper that proportionate compensation be paid to the municipalities forming what was then known as the eastern townships. The Commissioners therefore, in 1856, fixed the amounts owing to the several municipalities in the same manner and to a like extent as was done in the case of the seigneurs. The original amount of capital so fixed was upwards of $756,000 and each municipality was paid interest on this capital which is now reduced to the amount above stated, and to one municipality only. It is held subject to call, and will be paid off whenever required.

That the debts can remain outstanding so long is amazing. But more surprising still is the list of unclaimed balances of the chartered banks. The list of these accounts fills a blue book nearly two inches thick. The amount is around $1,000,000.

# "The One Thing I Do"

(Continued from page 10)

period of years, as one of the great interests of his life, and they're not locked up where no one can see them but himself, and his immediate associates. It's unusual, and some people may laugh at it a bit, but it's a real idea anyway, and real ideas are rare.

During the past thirty years Mr. Larkin has been kept pretty close to his own business. There are, indeed, few businesses that are so definitely the work of the man at the head. Mr. Larkin has always been very definitely captain of the ship. For all that, however, it has not been his only interest, nor has he refused to give of his abilities to public causes. He was vice-chairman, with Sir Joseph Flavelle as chairman, of the Toronto General Hospital Board, when it was emerging from the cramped chrysalis in the east end of the city, into one of the finest hospitals in the country. Before these two men resigned the chairmanship of this great public service, after a service of 17 years, a project involving upward of four million dollars was freed from debt. How much of this satisfactory result was due to the outstanding abilities of Sir Joseph, and how much to Mr. Larkin, no one is likely to know, but it was a great team.

There has never been any hullabaloo about the work that these two men gave to the service of this great institution. There has been little if any mention of the amount of its great cost that was actually borne by them personally. So the world in general takes this work more or less for granted, but it was a great service for humanity given freely an without any blare of trumpets.

Mr. Larkin was one of the founders of the Ontario Liberal Club, and he has been a sort of rallying figure for the Liberal party for a decade past. He was the more influential a figure, because he was disinterested. He wanted nothing of position or profit, but only to give the absolutely unwavering allegiance that might be expected of a man of his character One of the gracious things arising out of this allegiance was his friendship with Sir Wilfrid Laurier. Sir Wilfrid was a constant visitor at Mr. Larkin's home in every visit to Toronto. It was a strange friendship, of men as far opposed in characteristics as it is possible to imagine, but it was a very real friendship. And it was left for Mr. Larkin, after many long years of intimacy, to pay one of the finest tributes to his chief that could ever be paid to mortal man: "I never heard him say an unkind thing against anyone in all the world."

Years ago Mr. Larkin almost came in for some political prominence. He was appointed a representative for Canada on a Royal Commission to investigate the resources of the Empire. But before Mr. Larkin could get his trunk packed the election of 1911 very decisively removed the Liberals from power, and George Eulas Foster packed his trunk instead.

Some little time ago Mr. Larkin was at his Boston office, and one of the newspapers sent a young reporter to interview him. He came and saw Mr. Larkin in his sumptuous Boston office, and returning, went to his city editor to enquire in an awed voice if all Canadian magnates dressed and lived like Oriental nabobs. Which suggests the thought that Mr. Larkin has the edge on almost any other business man in the matter of a business in London. He can wear a morning coat and a silk hat without affectation for it must be an intimate friend indeed who has seen him in any more frivolous garb.

Mr. Larkin goes to represent Canada at London, with very distinctly Canadian ideals. He has probably done as much as the average man for the Empire and Imperial relations, but at heart he is a Canadian first. It is bred in his bones and it is such an attitude that Canada's representative at London should have.

When it is intended to send a man to serve Canada it is the part of wisdom to send one who has served himself well. If a man cannot make a success of his own business it is highly improbable that he will do better for the government. Mr. Larkin took an idea of service and quality, and with hard work, enthusiasm and courage, built it into a great originization that made him a fortune, by giving a very real service to the public.

But more than that, in the same hard school of experience he found the time and interest and the enthusiasm to develop appreciations, and in his own way to pass them on to those whose interests were associated with the business be controlled. What does it matter where he was born, or when? It is not what you were that matters, but what you have become.

### DOME MINES

**Shareholders of the Dome Mines Company, Ltd., have ratified by-laws for the purpose of authorizing payments, out of capital to the shareholders, and further to decrease the par value of the shares of the company. The intention is to decrease the capital stock from $5,000,000 to $4,500,000, to repay to the shareholders the sum of $476,667, and to reduce the par value of the shares of the capital stock from $10 to $9.**

# CITY OF MONTREAL

## $5,000,000

## Temporary 5½% Bonds

**Dated March 1st, 1922. Maturing March 1st, 1932**

**Sealed Tenders will be received at the office of the City Treasurer, City Hall, Montreal, Canada, for the purchase of the undermentioned securities, viz.:—**

## $5,000,000

Temporary Bonds, dated 1st of March, 1922, due 1st of March, 1932, bearing interest at the rate of 5½% per annum payable half-yearly on 1st March and 1st September each year. Principal and interest payable in gold at the City Treasurer's Office, Montreal. Bonds will be in the denomination of $1,000 each with interest coupons attached but may be registered as to principal only.

Every tender must be accompanied by a certified cheque on the Montreal Office of a Canadian Bank, payable to the City Treasurer, for one per cent. of the par value of the bonds, as security for the performance of the bid, if accepted. No interest will be allowed on the certified cheque of deposit.

Tenders must be addressed:—City Treasurer, City Hall, Montreal, Canada, and marked "Tender for City of Montreal Bonds" and delivered not later than twelve o'clock, noon, on the 20th day of February, 1922, at which hour the tenders will be opened at a public meeting of the Executive Committee of the City, in their Committee Room at the City Hall.

Tenders may be made for the whole amount of the issue or for one-half thereof only. The right is reserved to reject any or all bids.

These Bonds are issued under authority of the clause in the City Charter permitting the issue of temporary loans in lieu of long term loans.

The proceeds are required for expenditure on Water Works, Underground Conduits and other Public Works.

Bonds will be delivered on the 28th February, 1922, or as soon thereafter as the bonds can be prepared. Payment to be made on delivery.

Further information and particulars may be obtained on applying to the City Treasurer, City Hall, Montreal.

**P. COLLINS,**
Assistant City Treasurer.

City Treasurer Office,
Montreal, February 7th, 1922.

# The British Columbia Permanent Loan Co.

## 24th Annual Meeting of Shareholders

The 24th Annual Meeting of the Shareholders of the British Columbia Permanent Loan Company was held in the Head Office, 330 Pender Street, Vancouver, B.C., on Wednesday, February 8th, at 3 p.m.

In the absence of the President and Vice-President, Mr. Chris. Spencer was voted to the Chair, and the Secretary-Treasurer, Mr. James Low, acted as Secretary.

The Minutes of the last annual meeting were read and confirmed, and the Secretary presented the Report of the Directors, and financial statements for the year:

### REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Balance Sheet and Profit and Loss Account for the twelve months ending 31st December, 1921, being the Twenty-fourth Annual Report.

The Total Earnings for the year amounted to $226,595.26, and Net Profits, after providing for all interest charges and expenses, amount to $101,434.31. To this amount has to be added $41,326.84 brought forward from 1920, making in all $142,761.15 available for distribution. Your Directors have applied these funds as follows:—

| | |
|---|---|
| Two Semi-Annual Dividends on Permanent Stock at the rate of 6% per annum | $56,029.68 |
| 2% Bonus to Shareholders | 18,815.20 |
| Interest on Terminating Stocks | 183.00 |
| Transferred to Reserve Fund | 43,743.92 |
| Balance carried forward to 1922 | 23,989.35 |
| | $142,761.15 |

The Reserve has been further increased by the transfer of $6,256.08 from premiums on Capital Stock being paid under instalments, and now amounts to $775,000.00, or 82½% of the Paid-up Capital.

The returns (Principal and Interest) from Mortgages and Agreements amounted to $506,959.38, or an average of over $42,000.00 per month. The enjoyment of such large monthly returns, coupled with Government Bonds ($473,007.58), strongly demonstrates the liquid nature of the Company's Assets.

Accrued Interest Receivable on Mortgages and Agreements, $25,953.89, has not been absorbed into Profit and Loss Account.

Your Directors are hopeful the present year will bring such monetary conditions that further curtailment in Sterling Debentures may be unnecessary.

Excellent service has again been rendered the Company by its Officers, Staff and Agents.

Respectfully submitted,
D. H. WILSON,
President.

Vancouver, B.C., 14th January, 1922.

### AUDITORS CERTIFICATE

Vancouver, B.C., 14th January, 1922

We have audited the accounts of The British Columbia Permanent Loan Company for the year ended 31st December, 1921, and beg to report that the transactions during the period have been accurately recorded in the books, the receipts as shown therein have been properly accounted for, vouchers produced for all payments, and all investments have been duly authorized. We have examined the mortgage loan accounts and have verified the cash at banks by crtificates the cash on hand by actual count, negotiable securities by inspection or certificates from the depositaries, and certificates have been inspected for all real estate.

Accrued interest receivable at 31st December, 1921, amounting to $25,953.89, has not been included in the Profit and Loss Account for the period.

The Balance Sheet appended hereto is, in our opinion, properly drawn up so as to exhibit a true and correct view of the affairs of the Company as at 31st December 1921, according to the information and explanations given to us, and as shown by the books of the Company.

BUTTAR & CHIENE, C.A., (Edin.).
PRICE, WATERHOUSE & CO., C.A. (Eng.).

| ASSETS | | LIABILITIES | |
|---|---|---|---|
| Mortgage Loans | $1,564,497.00 | Debentures and Deposits | $1,022,113.61 |
| Government Bonds | 478,240.18 | Sundry Creditors | 33,091.24 |
| Company's properties | 500,000.00 | Total Public Liabilities | 1,055,204.85 |
| Office Furniture | 2,000.00 | Capital Stock | 940,763.74 |
| Properties sold or for sale | 288,366.12 | Dividend Jan. 1922 | 47,283.00 |
| Sundry Investments | 2,610.34 | Terminating Stocks | 3,405.50 |
| Accrued Interest | 25,953.89 | Reserve Fund | 775,000.00 |
| Cash | 27,059.39 | Unappropriated Profits etc. | 67,069.83 |
| | $2,888,726.92 | | $2,888,726.92 |

The motion to adopt the Report was moved by Mr. Spencer and seconded by Mr. A. H. Douglas. After a number of Shareholders present, including Mr. A. E. Bull and Mr. J. N. Harvey, had expressed their appreciation of the Statements, and the General Manager, Mr. T. D. Macdonald, had dealt with the Report in detail, the Report was unanimously adopted.

The retiring Directors were re-elected for the ensuing year, viz.: Dr. D. H. Wilson, Mr. W. H. Malkin, Mr. C. Spencer, Mr. George Martin, Mr. A. H. Douglas, Mr. R J. Robertson and Mr. Robert Gelletly.

Messrs. Buttar & Chiene, C.A., and Price, Waterhouse & Co., C.A., were reappointed Auditors for the current year.

At a subsequent meeting of the Directors, Dr. D. H. Wilson was re-elected President; Mr. W. H. Malkin, Vice-President; Mr. T. D. Macdonald, General Manager; Mr. James Low, Secretary-Treasurer; and Mr. Albert Whittaker, Inspector.